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AUTHOR Mortenson, Thomas G., Ed.
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ABSTRACT

This document is a compilation of the first 18 issues of a newsletter on public policy and postsecondary education opportunity trends. Each monthly issue contains one or two main articles providing an analysis of research on trends in postsecondary education. The major articles in these issues are: (1) "Equity of Higher Education Opportunity: Women Reached Equity with Men in 1991 But Progress for Hispanics and Blacks Stalled for Last 15 Years"; (2) "Higher Education's Share of State Budgets Declined Again in 1990 as it Has for Most Years Since 1968"; (3) State Policies on Educational Opportunity through State Student Financial Aid Laws"; (4) "Top Quartile Ten Times More Likely to Earn Baccalaureate Degree by Age 24 than Students From Bottom Quartile of Family Income"; (5) "The National Education Goal of a 90 Percent High School Graduation Rate"; (6) "Women Surpassed Men in Four-Year College Attainment in 1991 Following Five Decades of Steady Progress"; (7) "Growth in College Enrollment Rates During 1980s Limited to Americans Under Age 25"; (8) "What is Wrong with Washington State? Statewide Enrollment Limits Gone Amuck"; (9) "College Entrance Rates for Recent High School Graduates Reached Record Levels in 1991--Except for Men and Blacks"; (10) Tuition's Share of Expenditures for Student Education in Higher Education Rose Sharply During 1980s"; (11) "Things Go from Bad to Worse" (recent public policy decisions which effectively curtail postsecondary education opportunities); (12) Blacks Make Progress in High School Graduation and College Access But Colleges Offset Gains with 25 Years of Declining College Completion" (13) Measuring College Affordability"; (14) "Downsizing the Military" (implications for higher education); (15) Higher Education Amendments of 1992: Report of the Committee on Education and Labor, House of Representatives"; (16) "Hispanics Are Less Than Half as Likely as Whites to Complete Four Years of College--and Slipping Farther Behind"; (17) "Target

Populations to Achieve the National Goal of a 90 Percent High School Graduation Rate"; (18) The State Record and Outlook for Fiscal Year 1994 for Financing Postsecondary Education Opportunity"; "Focus on the States...Changes for College by Age 19 Show Strong Geographic Patterns"; (20) "Education Equity Index Update...No Progress for Blacks and Hispanics on Equity in 1992"; (21) "The Rich Get Richer and the Poor Get... Disparities in Higher Education Opportunity across Family Income Levels Were Huge and Growing in 1991"; (22) "But a Quarter Didn't...Nearly Three-Quarters of College Freshmen Enrolled in First Choice of College in 1992"; (23) "The Outreach Market...Parental Educational Attainment Drives Educational Attainment of their Children"; (24) "What Else was There To Do? High School Graduates of 1992 Entered College by October at Record Rates, Again"; (25) "Up, Up and Away...Affordability Concerns Re-emerge among American College Freshmen in 1992"; (26) "It Helps To be...Family Income Backgrounds Continue to Determine Chances for Baccalaureate Degree in 1992"; (27) "The Launching Pad...Economic Stratification of Higher Education Enrollments is Alive and Thriving in 1992"; and (28) "Half Full? No! Half Empty! Blacks Still Only Half as Likely as Whites To Attain Baccalaureate Degree." (JB)

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Postsecondary Education OPPORTUNITY

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

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Postsecondary Education OPPORTUNITY

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 1 Iowa City, Iowa March, 1992

Equity of Higher Education Opportunity:
Women Reached Equity with Men in 1991
But Progress for Hispanics and Blacks Stalled for Last 15 Years

Equity of educational opportunity has been a driving force in college enrollments for the last thirty years. Blacks, women, Hispanics, and other groups have sought to improve their relative welfare status through greater levels of educational attainment.

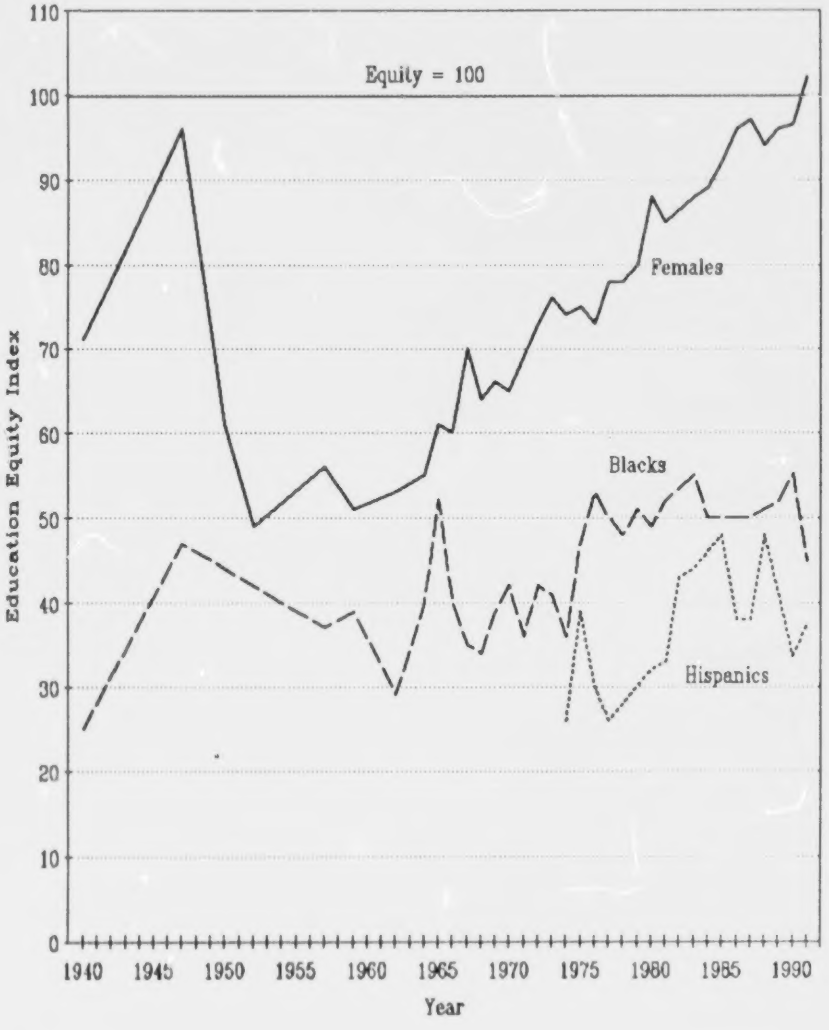
One group--females--stands out by its achievement. In the early 1950s females were only half as likely as males to have earned a bachelor's degree from college by age 25 to 29, based on data collected in the Current Population Survey and reported by the Census Bureau. But by 1991 they were 102 percent as likely as males to have a four year college degree by the time they were 25 to 29.

Other groups--blacks, Hispanics, low and middle income--have much further to go to achieve equality of educational attainment. Only Hispanics have made progress during the last 15 years. Progress for Blacks stalled after 1975. Students from low income family backgrounds made significant progress in the 1970s, but have lost ground throughout the 1980s.

The Education Equity Index

The Education Equity Index (EEI) measures the achievement of educational equity through the baccalaureate degree. The Index is the ratio of the proportion of the relevant populations that have earned

Education Equity Index
for Females, Blacks, and Hispanics
1940 to 1991



a baccalaureate degree by age 25 to 29 at any one point in time.

For example, the Education Equity Index for women is the proportion of the total population of women age 25 to 29 that have completed four years or more of college, divided by the proportion of men in the same age range that have completed four years or more of college.

In 1991, according to unpublished data from the Census Bureau's Current Population Survey, 23.4 percent of the females age 25 to 29 in the civilian, noninstitutional population had completed four years or more of college. For males the percentage was 22.9 percent. Thus, females were about 102 percent as likely as males to have earned a bachelor's degree. This was the Education Equity Index for females in 1991, and the first year in the last 52 that it exceeded 100.

The Education Equity Index for other groups has been calculated in a similar manner. The EEI for blacks is the ratio of the percent of blacks age 25 to 29 with four years or more of college, divided by the percent for similarly aged whites. Hispanics (who may be of any race) are compared to whites.

The Education Equity Index for low income uses somewhat different data insofar as baccalaureate degree attainment by age 24 is used. Low family income refers to the bottom quartile of unmarried 18 to 24 year old high school graduates. In 1990 this included families below about $20,400 per year. This is compared to baccalaureate degree attainment for students from the top quartile of family income above $60,400.

Women

Clearly the population group gaining greatest ground has been women. Except for the anomalous experience during World War II, women were only about half as likely as men to have a baccalaureate degree by age 24. This was true throughout most of the 1950s.

Then, beginning about 1965 this picture begins to change. The Education Equity Index for women begins a prolonged period of growth. By the mid 1970s the EEI for women was about 75. By the mid 1980s it had reached 90. And by 1990 the Education Equity Index for women had reached 96.

Blacks

A very different record for blacks compared to women is recorded in the Census Bureau data. Until the mid 1970s the Education Equity Index for blacks stood at about 40. This Index jumped sharply to about 50 in the mid 1970s, where it has remained stuck for the last 15 years.

Blacks age 25 to 29 are still only half as likely as whites to have completed four years or more of college by this age. Moreover, no progress has been made during the last 15 years.

Hispanics

The Hispanic population includes Mexicans, Puerto Ricans, and others of Latin American origin. This mix obscures some important distinctions in the Census Bureau data. But the record of attainment in education is significant compared to blacks and low income groups.

The Education Equity Index for Hispanics increased from 26 in 1974 when the Census Bureau began to report educational attainment for Hispanics, to 48 by 1985. That is, Hispanics were about 48 percent as likely as whites generally to have completed four years or more of college by the time they were 25 to 29 years of age.

Since 1985 this rate has fluctuated and stood at 41 in 1989, the most recent year of available data.

Family Income

Public policy focuses on family income through federal and state student financial aid programs. For that reason we examine here the educational attainment experience of unmarried 24 year olds from the bottom three quartiles of the family income distribution, each quartile compared to the educational attainment experience of unmarried 18 to 24 year olds from the top quartile of family income. (continued)

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OPPORTUNITY
P.O. Box 127
Iowa City, Iowa 52244
Phone: (319) 351-4913

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Editor and Publisher
Thomas G. Mortenson

Mission Statement

This newsletter is founded on two fundamental beliefs. First, sound public policy requires accurate, current, independent, and focused information on the human condition. Second, education is an essential key to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the conditions of and influences that affect postsecondary education opportunity for all Americans.

In 1990 the four family income quartiles were defined by the following family income ranges:
Q1: $0 to $20,436
Q2: $20,436 to $36,970
Q3: $36,970 to $60,388
Q4: Over $60,388
In 1990 exactly one quarter of all unmarried 18 to 24 year old high school graduates came from families earning less than $20,436, one quarter came from families earning between $20,436 and $36,970, etc.

Bottom Quartile

Bottom quartile persons are unmarried 18 to 24 year olds from families with annual incomes in the first quartile of the family income distribution, below $20,436 per year in 1990. For comparison, the poverty level in 1989 for a family of four was $12,675.

The Education Equity Index for the bottom quartile is calculated by dividing their chances of earning a baccalaureate degree by age 24 by the chances of persons from the top family income quartile of earning a baccalaureate degree by age 24. During the 1970s the Education Equity Index for students from the bottom quartile increased from about 16 to a peak of 25 in 1979. After 1979 the EEI for the bottom quartile declined substantially to a low of 8 in 1987.

Second Quartile

The Education Equity Index for students from the second family income quartile has fluctuated, but generally tended downward in the 1980s compared to the 1970s. Between 1970 and 1981 the EEI averaged 28. Between 1982 and 1990 the EEI averaged 21.

Third Quartile

The Education Equity Index for unmarried 24 year olds from the third quartile of family income has fluctuated over the last twenty years and shows no trend. Overall the EEI has averaged very close to 50 over the last two decades. This means that students from the third quartile of family income have about half of the chance of a student from the top family income quartile to earn a baccalaureate degree by age 24.

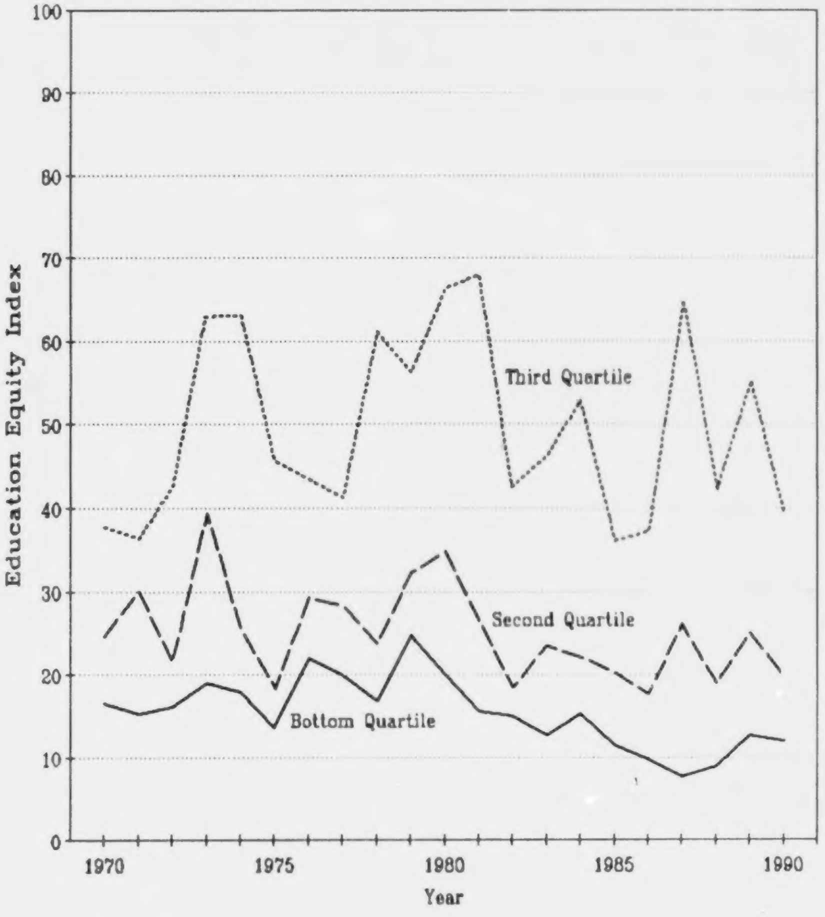
The Future

Attainment of four years of college education by age 25 to 29 is the result of three separate and measurable prior educational steps:

1. **High school graduation,**
2. **Transition to college, and**
3. **College completion.**

Monitoring each of these educational steps offers some insight into what is likely to happen to educational equity for each of the gender, racial/ethnic, and family income groups monitored here. In future issues of **Postsecondary Education OPPORTUNITY** current information will be presented on each component for each population group.

Education Equity Index
for Family Income Quartiles
1970 to 1990



Higher Education's Share of State Budgets Declined Again in 1990 as it Has for Most Years Since 1968

The share of state budgets allocated to institutions of higher education dropped in fiscal year 1990 to 18.3 percent from 18.4 percent a year earlier. This was the smallest share of state budgets since before 1965 when the Census Bureau began to report on state government budgets, and was well below the 1968 share of 23.5 percent of state budgets.

According to the Census Bureau data published in the *Government Finances* series, state governments spent $61 billion on public institutions of higher education during the 1989-90 fiscal year. This was up from $56 billion in FY1989, and $52 billion in FY1988. However, state expenditures grew faster for other functions. Thus higher education's share has declined steadily since FY1982, as shown in the accompanying chart.

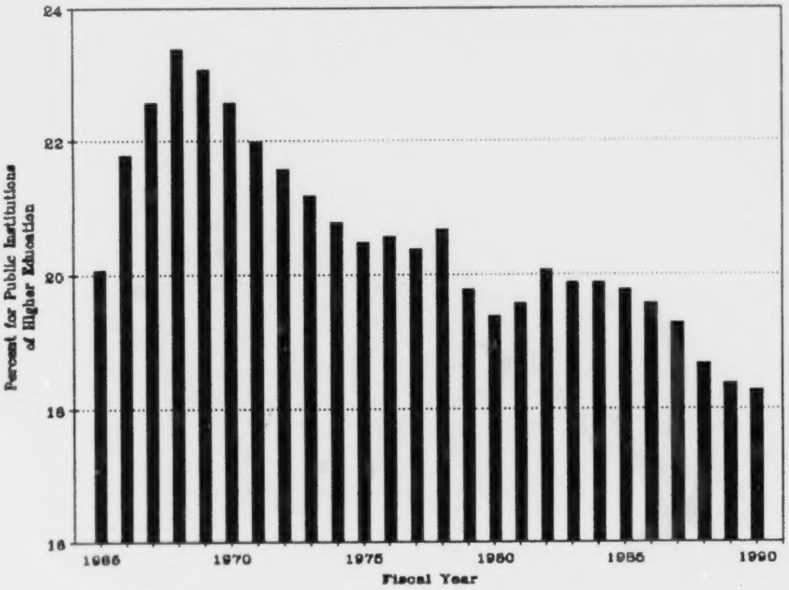
The share of state budgets devoted to public institutions of higher education has declined in 18 of the last 22 fiscal years, including the last eight in a row. The only years in which higher education's share of state budgets increased after 1968 was 1976, 1978, 1981, and 1982.

Competition for State Funds

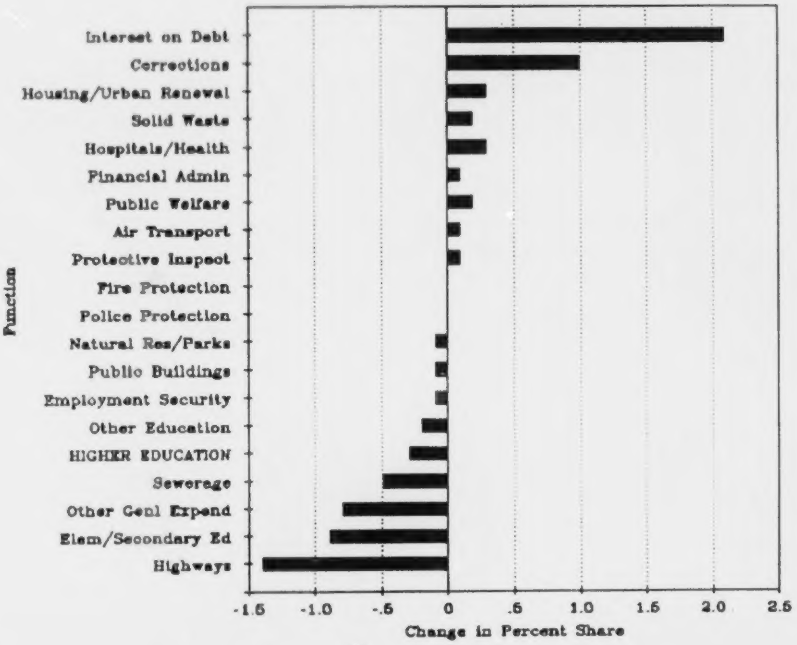
Throughout the 1980s education generally and higher education in particular suffered in state budgets. States, like the federal government, expanded borrowing significantly. Thus, the greatest growth category in state budgets between FY1980 and FY1990 was interest on general debt.

Corrections is also a clear winner in state budgeting during the 1980s. In most states, corrections is the biggest growth industry in state government. Other winners in state budget

Shares of State Budgets for
Public Institutions of Higher Education
FY1965 to FY1990



Change in Budget Priorities of
State and Local Governments
Between FY1980 and FY1989



allocations during the 1980s were housing/urban renewal, hospitals and health, solid waste, public welfare, and financial administration.

Losers in the state budget allocation game in the 1980s were highways, elementary/secondary education, sewerage, higher education, other education (which includes state agencies and student financial aid), and employment security.

Variations Between States

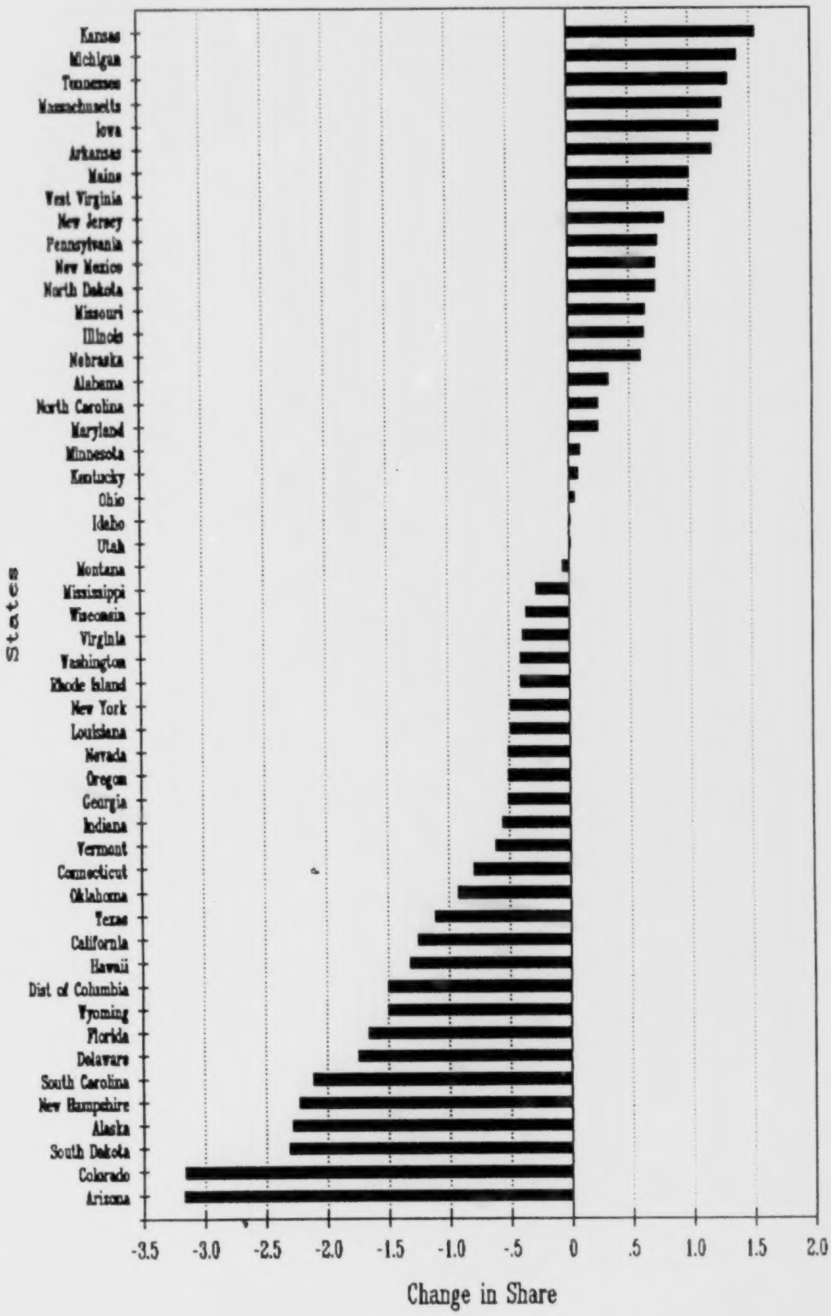
Not all states followed the overall scenario. Some states increased the shares of their state and local budgets for public institutions of higher education. However, more states cut even more deeply into their budget allocations for higher education.

States that increased their budget shares for higher education included Kansas, Michigan, Tennessee, Massachusetts, Iowa, Arkansas, and 17 other states.

States that reduced their budget shares for higher education during the 1980s were Arizona, Colorado, South Dakota, Alaska, New Hampshire, South Carolina, and 22 other states.

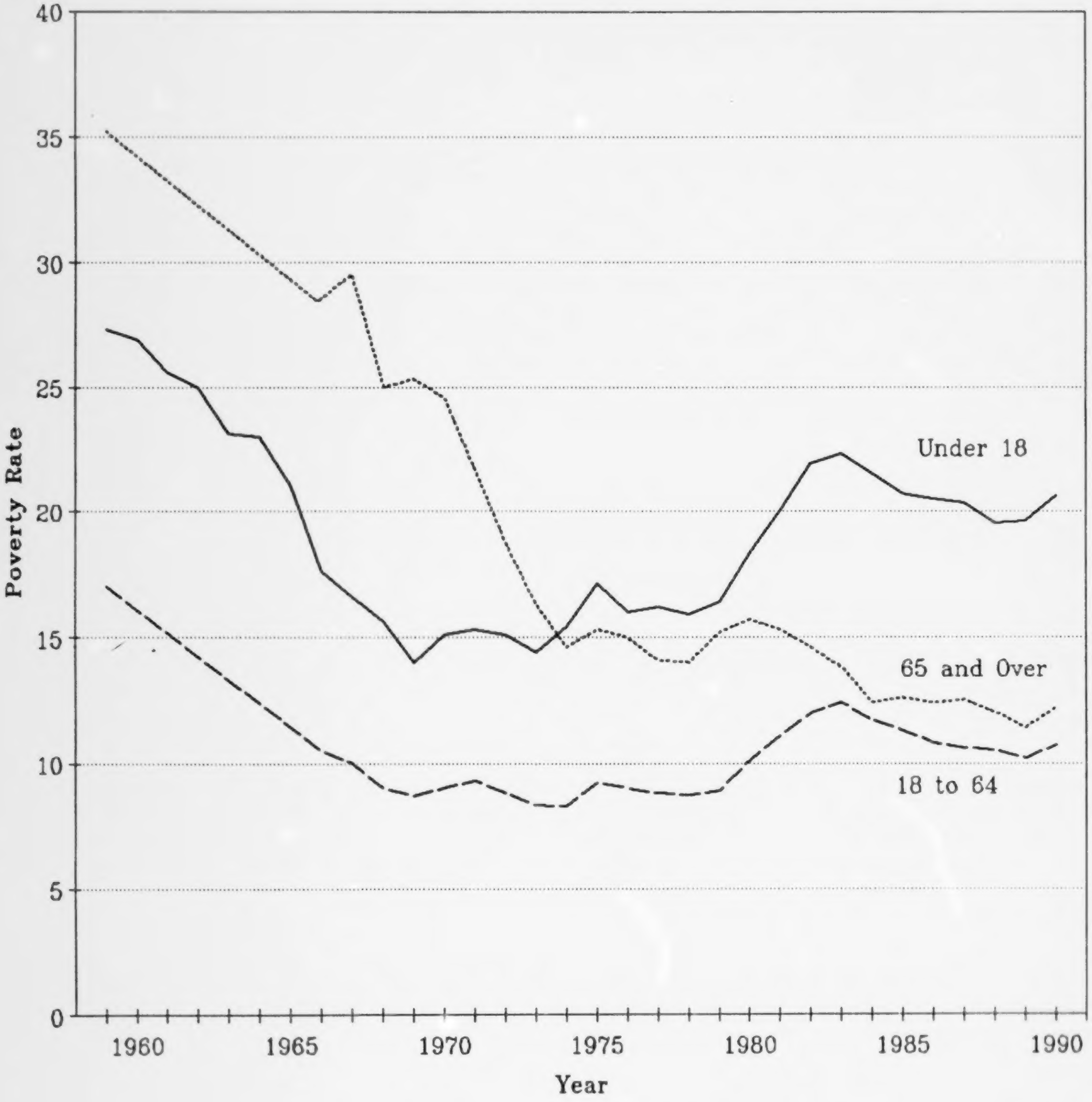
As states reduce their budget shares for higher education, institutions will turn increasingly to tuition as the alternative revenue source for educational services to students. In future issues of **Postsecondary Education OPPORTUNITY**, we will examine various aspects of this shift. For the foreseeable future we expect tuitions in public higher education to rise faster than inflation or incomes. Because of the obvious implications of this shift, we will also report on studies of state funding of student financial aid to offset these tuition increases for those who are already dependent on student aid to finance part or all of the college costs.

Change in Higher Education Share of State and Local Government Total Direct General Expenditures FY1980 to FY1989



Think About This for a While .....

The Redistribution of Poverty in the United States:
Poverty Rates for Children, Adults, and Elderly
1959 to 1990



State Policies on Educational Opportunity through State Student Financial Aid Laws

State laws creating state student financial aid programs provide one useful perspective on how different states view the public interests served by expanding postsecondary education opportunity through financial aid programs. We have collected here the declarations of purpose commonly found in state laws that chart this aspect of state involvement in fostering educational opportunity. We report several here, and will report for other states in future issues of **Postsecondary Education OPPORTUNITY.**

Illinois

The Illinois Student Assistance Law was passed by the Illinois General Assembly in 1967. Among other things, the law created the Monetary Award Program (MAP) which is now the second largest state grant program among the states. Last year MAP provided nearly $180 million in grants to about 110,000 Illinois resident undergraduates.

> **The General Assembly has found and hereby declares that the provision of a higher education for all residents of this State who desire such an education and are properly qualified therefor is important to this State and Nation; and consequently is an important public purpose; many qualified students are deterred by financial considerations from completing their education, with a consequent irreparable loss to the State and Nation of talents vital to welfare and security. The number of qualified persons who desire higher education is increasing rapidly, and the physical facilities, faculties, and staffs of the institutions of higher learning operated by the State will have to be expanded greatly to accommodate such persons, with an attendant sharp increase in the cost of educating such persons. A system of financial assistance of scholarships, grants, and guaranteed loans for qualified residents of college age will enable them to attend qualified institutions of their choice in the State, public or private.**

Pennsylvania

The Commonwealth of Pennsylvania enacted legislation creating state student financial aid programs in 1966. The primary state student grant program administered by the Pennsylvania Higher Education Assistance Agency is the State Grants Program. In 1990-91 Pennsylvania spent $145 million on State Grants to 122,650 students.

> **Although the enrollments of postsecondary institutions of higher learning of this Commonwealth and throughout the nation continue to increase at a rapid pace, and although larger numbers of the Commonwealth's children graduate from both public and nonpublic secondary schools each year, there continues to be a tragic underdevelopment of the Commonwealth's human talent because of the inability of many needy students to finance a postsecondary education program. The Commonwealth of Pennsylvania can achieve its full economic and social potential only if every individual has the opportunity to contribute to the full extent of his capabilities and only when the financial barriers to his economic, social, and educational goals are removed. It is therefore the policy of the Legislature and the purpose of this act to establish a broad-scale State scholarship program designed to guarantee that the most able students from all sectors of the Commonwealth, the most needy students and students with the capability to successfully complete postsecondary educational programs, and deserving postsecondary students are given the opportunity to continue their program of self-improvement in an institution of higher learning of their choice.**

Washington

The State of Washington initiated its student financial aid programs in 1969. Currently the major programs offered by the State to its citizens include the State Need Grant Program and the State Work-Study Program. In 1990-91 Washington spent $21 million on State Need Grants to 22,000 students.

> **The Legislature hereby declares that it regards the higher education of its qualified domiciliaries to be a public purpose of great importance to the welfare and security of this state and nation; and further declares that the establishment of a student financial aid program, assisting financially needy and disadvantaged students in this state to be a desirable and economical method of furthering this purpose. The legislature has concluded that the benefits to the state in assuring the development of talents of its qualified domiciliaries will bring tangible benefits to the state in the future.**

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Postsecondary Education OPPORTUNITY

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 2 Iowa City, Iowa April, 1992

College Participation Rates by Family Incomes:

Top Quartile Ten Times More Likely to Earn Baccalaureate Degree by Age 24 Than Students from Bottom Quartile of Family Income

College participation rates for unmarried 18 to 24 years olds remained strongly related to family income in 1990, despite 25 years of federal efforts to reduce disparities in education opportunity. In fact the gap in college participation rates between those from the bottom two quartiles of family income and the top quartile was wider in the late 1980s than it was at any time during the last two decades, according to data to be released by the Census Bureau from the Current Population Survey (CPS).

This analysis of CPS data adds data for the year 1990 to previously published estimates of an unmarried 18 to 24 year olds chances of earning a baccalaureate degree by age 24. The as-yet-unpublished 1990 data confirms earlier findings. First, there are huge disparities between young adults from different family income backgrounds in their progress through the education system. And second, these disparities have grown--not closed--during the 1980s.

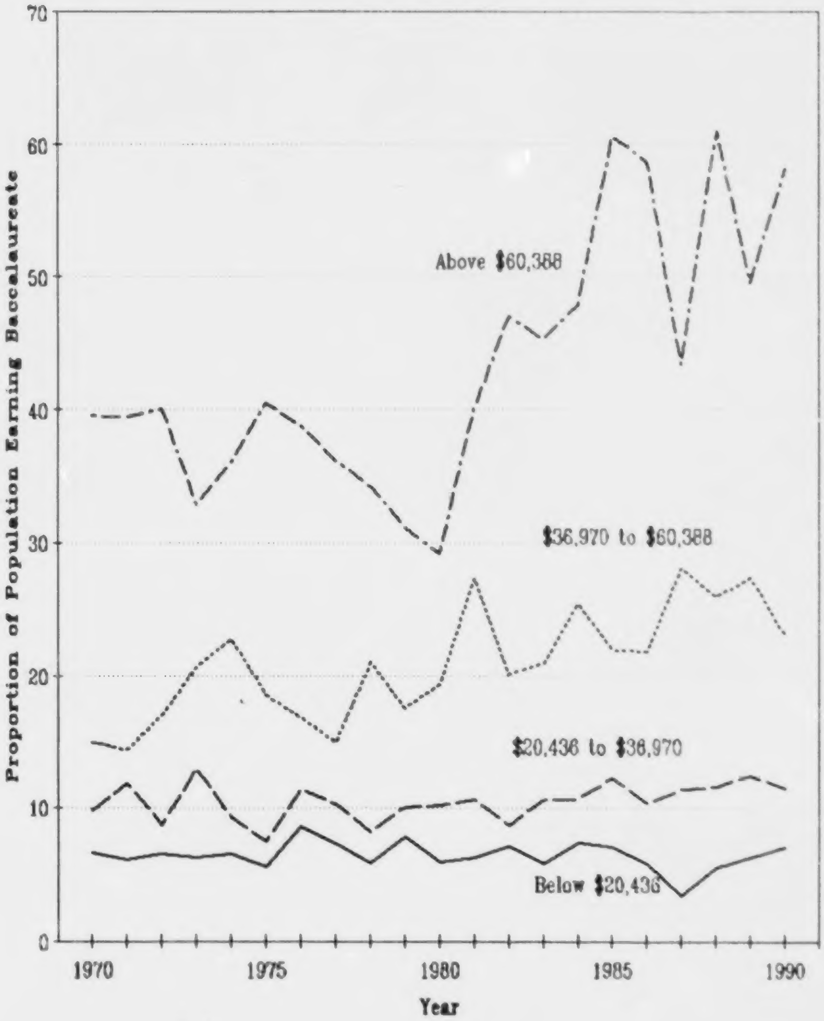
Educational Attainment

The sequence of steps involved in completing a baccalaureate degree by age 24 is:

1. High school graduation, then
2. College enrollment, then
3. College completion by age 24.

Because a student must pass all three hurdles on the way to completing four

Estimated Chances for a Baccalaureate Degree by Age 24
For Unmarrieds by Family Income Quartiles
1970 to 1990



years of college, we analyze here the trends in each step of educational attainment by family income quartile between 1970 and 1990.

The family income quartiles used in this study are defined for 1991 as follows:

Q1: $0 to $20,436
Q2: $20,436 to $36,970
Q3: $36,970 to $60,388
Q4: Over $60,388

In 1990 exactly one quarter of all unmarried 18 to 24 year old high school graduates came from families earning less than $20,436, one quarter came from families earning between $20,436 and $36,970, etc. The median family income for this group was $36,970.

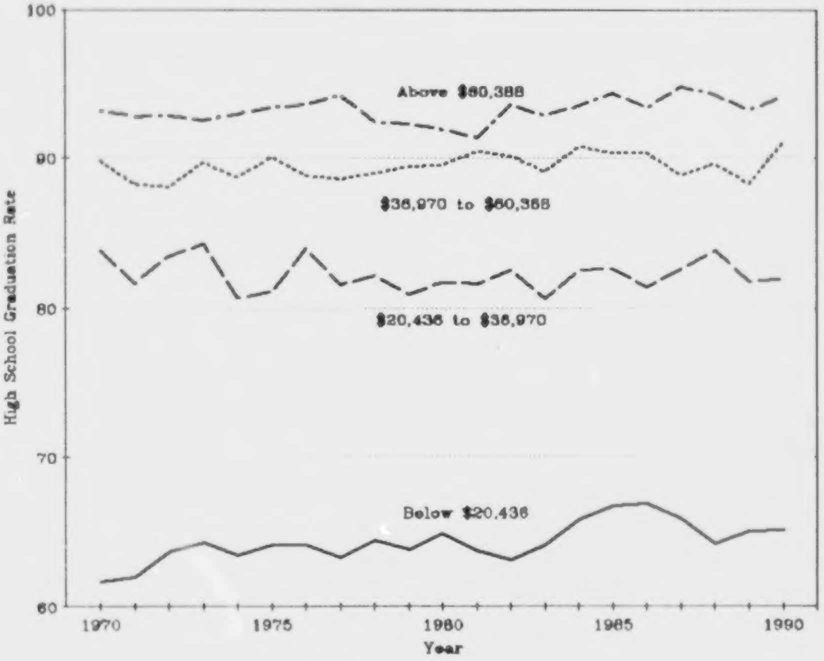
High School Graduation

The top figure on this page shows high school graduation rates for unmarried 18 to 24 year olds for each quartile of family income since 1970. In 1990 65.1% of those from the bottom family income quartile had graduated from high school, compared to 81.9% of those from the second quartile, 91.0% of those from the third quartile, and 94.1% of those from the top family income quartile.

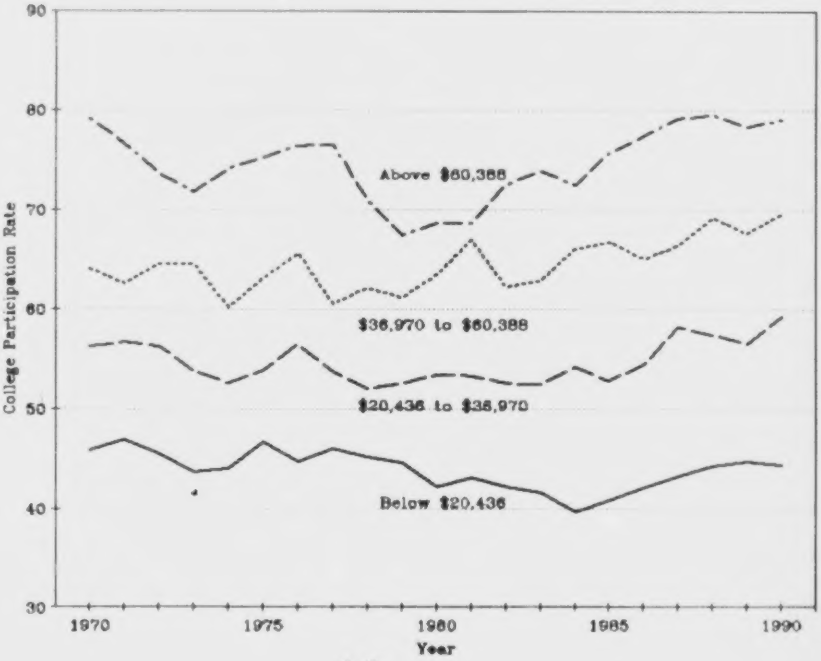
Over the last twenty years, high school graduation rates for the population of unmarried 18 to 24 year olds have increased very little. In 1970 the high school graduation rate for this population was 79.9 percent. By 1980 the rate had increased to 80.5 percent, and by 1990 it had increased to 81.4 percent. *(See article on page 5: The National Goal of a 90 Percent High School Graduation Rate.)*

During the last two decades the income group showing the greatest increase in high school graduation rates was the bottom quartile. The bottom quartile contains all the students from poverty-level families.

High School Graduation Rates by Family Income Quartiles
for Unmarried 18 to 24 Year Olds
1970 to 1990



College Participation Rates by Family Income Quartiles
for Unmarried 18 to 24 Year Old High School Graduates
1970 to 1990



These families are, of course, targeted by Chapter 1 funds through the Elementary and Secondary Education Act.

College Participation

As measured by the Census Bureau, college participation includes those who are enrolled in a college at the time of the CPS survey, plus those who have attended but dropped out, plus those who have attended and left college by graduation.

In 1990 college participation rates for unmarried 18 to 24 years olds from the bottom quartile of family income--below $20,436--was 44.3%. From the second family income quartile the college participation rate was 59.2%. In the third quartile the rate was 69.4%, and in the top family income quartile the rate was 78.9%.

The 1990 college participation rates were at record highs compared to rates over the last two decades in the second and third family income quartiles, and very close to the record rate in the top family income quartile. For each of these family income quartile groups, college participation rates showed strong growth during the 1980s

However, in the bottom quartile of family income the college participation rate in 1990 was below the rates reached throughout most of the 1970s. This rate declined between 1975 and 1984, but has recovered somewhat since then.

College Completion

Estimated four year college completion rates can be calculated with CPS and data from the 1980 High School and Beyond file maintained by the U. S. Department of Education.

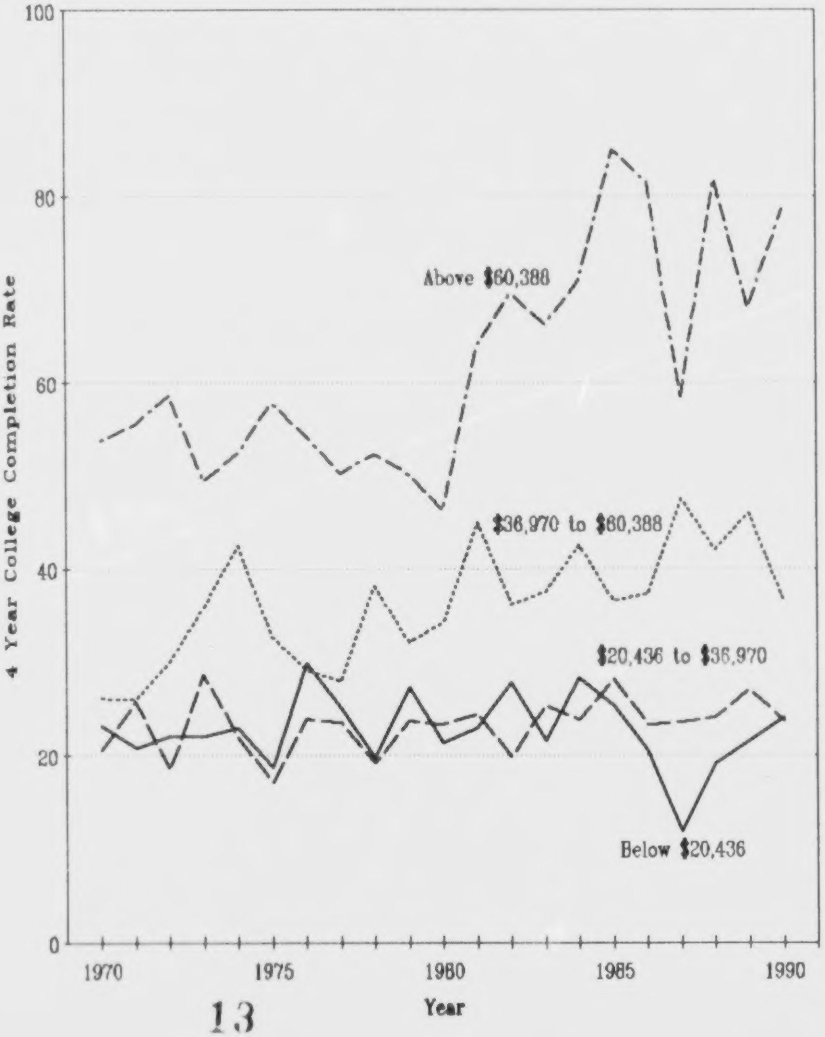
Of those who enroll in college, about 79% of those from the top quartile of family income will have completed at least four years of college by age 24. This compares to about 36% of those from the third quartile of family income, and about 24 percent in both of the bottom two family income quartiles.

Over the last two decades significant growth in estimated college completion rates has occurred only in the top two family income quartiles, above the median family income of $36,970 in 1990. The bottom two family quartiles have shown some fluctuation, but no discernable trends.

Chance for a Baccalaureate

At every step in the educational system, students from higher family income backgrounds progress through the educational system at the highest

Estimated 4 Year College Completion Rates by Age 24
by Family Income Quartiles for Unmarried College Students
1970 to 1990



rate, and students from lower levels of family income progress through the educational system at lower rates. The lowest rates of high school graduation, college participation, and college completion are reserved for those from the lowest family income backgrounds.

In 1990, an unmarried 24 year old from the bottom quartile of family income had about a 7 percent chance of earning a baccalaureate degree. Another student from the second quartile of family income had about an 11 percent chance of earning a baccalaureate degree. Yet another student from the third quartile of family income had about a 23 percent chance of earning a baccalaureate degree. But a student from the top quartile had a 58 percent chance.

At every successive step in the educational system, the previous disparities in progress are magnified.

Attainable Potential

We may estimate the maximum likely potential for earning a baccalaureate degree by age 24 for persons from each of the four quartiles of family income quartiles. This exercise reflects to some degree the obvious differences that exist between persons from different family income backgrounds. These differences include number of parents, parental employment and education, communities in which youth are raised, etc.

The attainable potential for each group is the *maximum* high school graduation rate, times the *maximum* college participation rate, times the *maximum* college completion rate for any year between 1970 and 1990. When we compare the 1990 estimated chances for a baccalaureate degree by age 24 to this attainable potential we can get some idea of the current state of postsecondary educational opportunity for individuals from different family income backgrounds.

Bottom quartile. The attainable potential for individuals from the bottom quartile of family income is 8.8 percent, compared to the 1990 rate of 6.9 percent. That is to say, if individuals from the bottom quartile graduated from high school at the highest rate measured between 1970 and 1990, *and* then went on to college at the highest college participation rate measured between 1970 and 1990, *and* completed college by age 24 at the highest rate measured between 1970 and 1990, then about 8.8 percent would have earned a baccalaureate degree by age 24. The observed 6.9 percent rate for 1990 was 78 percent of the attainable potential.

Second quartile. The attainable potential for a person from the second quartile was 14.2 percent. In 1990 a person's chances for earning a baccalaureate degree by age 24 were 11.4 percent. Thus, in 1990, educational attainment in the second family income quartile was at 80 percent of attainable potential.

Third quartile. The attainable potential in the third quartile was 30.0 percent. In 1990 a person's chances for earning a baccalaureate degree by age 24 were actually 23.0 percent. This was 77 percent of attainable potential.

Top quartile. The attainable potential in the top quartile of family income was 64.0 percent. In 1990 a person's chances for earning a baccalaureate degree were 58.2 percent. This was 91 percent of the attainable potential.

By these measures, students from families whose incomes place them in the top quartile of family income are clearly experiencing extraordinary success in the educational system. Each of the other three lower family income quartiles fall farther back from this measure of success.

Conclusions

The Census Bureau data illustrate enormous and persistent differences in educational progress and attainment related to the family income backgrounds of unmarried 18 to 24 year olds. These differences persist despite many billions of federal dollars spent through Chapter 1 and Title IV programs designed to address inequity of educational opportunity.

But a more careful examination of this data reveals more encouraging findings.

For example, the Chapter 1 programs appear to have made a unique and not insignificant contribution to improved high school graduation rates in the bottom quartile of family income. The greatest growth in high school graduation rates over the last two decades has occurred in the bottom quartile of family income. This gain is all the more remarkable given that the bottom quartile is poorer in 1990 than it was in 1980 and 1970.

Moreover, college participation rates are at all-time record highs in the second and third quartiles of family income. This is also to be expected given the federal and institutional commitments to provide financial aid to students from middle income families since Congress passed the Middle Income Student Assistance Act in 1978.

Finally, these data suggest the limits of government program intervention to broaden educational opportunity. The greater portion of the disparities in educational progress between different levels of family income have persisted for two decades with modest change. They are almost certain to persist for the foreseeable future.

Department of Cruel Hoaxes ...

The National Education Goal of a 90 Percent High School Graduation Rate

In 1983, 1984, and again in 1990, a national goal of a 90 percent high school graduation rate has been announced by our nation's political leaders. Because high school graduation is crucial to participation in postsecondary education, it is worthwhile to review progress towards this national goal.

Cruel Hoax #1

The goal. In December of 1983, following the first national education forum held in Indianapolis, then Secretary of Education Terrell Bell listed four national education goals, among them a 90 percent high school graduation rate by the year 1990. In September of 1984 President Reagan presented this as one of four national goals to be reached by 1990.

What happened. Between 1984 and 1990, the high school graduation rate actually ***declined*** for unmarried 18 to 24 years olds. In 1984 the high school graduation rate for unmarried 18 to 24 year olds was 81.6 percent. By 1990 it was 81.4 percent.

For married 18 to 24 year olds, the high school graduation rate did increase, from 77.8 percent in 1984 to 80.4 percent in 1990. When the data for married and unmarried 18 to 24 year olds are combined, the high school graduation rate for 18 to 24 year olds increased, from 80.5 percent in 1984 to 81.0 percent in 1990.

The failure to increase the high school graduation rate to 90 percent by 1990 meant that there were approximately 1,691,000 fewer high school graduates in the population of 18 to 24 year olds in 1990 than would have been expected had the announced national goal been achieved.

Lesson learned. Progress towards national goals requires more than goal setting. Progress requires thorough understanding of the causes of high school attrition, carefully designed programs that address those causes, and consistent and adequate financial support for these programs once they are in place.

Cruel Hoax #2?

In January of 1990 President Bush presented his State of the Union message before Congress. Among the six national education goals was the 90 percent high school graduation rate, although this time the target date had been moved back to the year 2000. These goals were also adopted by the National Governor's Association in 1990.

> ***School Completion***
>
> **Goal 2: By the year 2000, the high school graduation rate will increase to at least 90 percent.**
>
> **Objectives:**
>
> **The nation must dramatically reduce its dropout rate and 75 percent of those students who drop out will successfully complete a high-school degree or its equivalent.**
>
> **The gap in high-school graduation rates between American students from minority backgrounds and their nonminority counterparts will be eliminated.**

High school attrition. If we learn through experience, then the 1983-84 education goals-setting process should alert us to a need for understanding causes of attrition, then designing programs that address those causes, and finally supporting those programs.

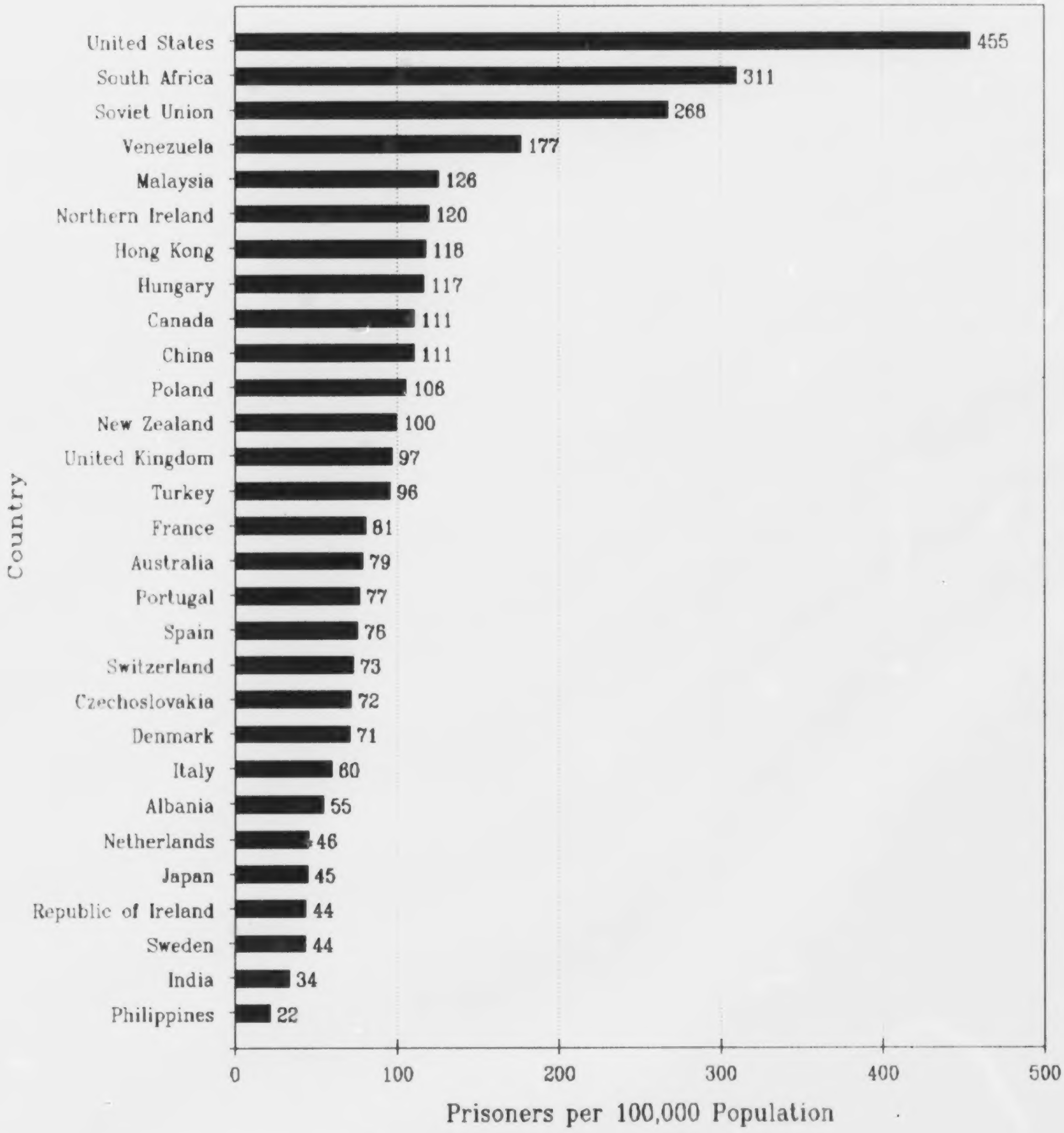
Research on high school attrition indicates that those likely to drop out before graduation are readily identifiable well before dropping out occurs. They are characterized by academic problems that are evident by the third grade. These problems include low achievement test scores both compared to peers and to the student's ability, and poor attendance. By junior high failing grades help describe drop-outs. Other family and community characteristics help identify the potential high school drop-out.

Our Prediction

Unless and until public policy identifies and effectively addresses the causes of high school attrition, the nation will make no significant progress toward a national goal of 90 percent high school graduation by the year 2000.

We have extrapolated the trends in high school graduation rates to estimate when--given the experience of the last two decades--a 90 percent high school graduation rate is likely to be reached. The results indicate that a 90 percent high school graduation rate will be reached sometime between the years of 2070 and 2102. By the year 2000--again based on trends between 1970 and 1990--the high school graduation rate for 18 to 24 year olds will be just 82 percent.

Think About This for a While .....



Prison Population Rates for Selected Countries
1989-91 (most recent year)

Source: The Sentencing Project, Washington, DC.

From the Executive Summary:

Workforce 2000

Work and Workers for the 21st Century

Johnston, W. B., Project Director. (June, 1987). ***Workforce 2000, Work and Workers for the 21st Century.*** Hudson Institute: Indianapolis, Indiana.

The year 2000 will mark the end of what has been called the American century. Since 1900, the United States has become wealthy and powerful by exploiting the rapid changes taking place in technology, world trade, and the international political order. The last years of this century are certain to bring new developments in technology, international competition, demography, and other factors that will alter the nation's economic and social landscape. By the end of the next decade, the changes under way will produce an America that is in some ways unrecognizable from the one that existed only a few years ago.

Four key trends will shape the last years of the twentieth century:

- *The American economy should grow at a relatively healthy pace,* boosted by a rebound in U.S. exports, renewed productivity growth, and a strong world economy.
- Despite its international comeback, *U.S. manufacturing will be a much smaller share of the economy in the year 2000* than it is today. Service industries will create all of the new jobs, and most of the new wealth, over the next 13 years.
- *The workforce will grow more slowly, becoming older, more female, and more disadvantaged.* Only 15 percent of the new entrants to the labor force over the next 13 years will be native white males, compared to 47 percent in that category today.
- *The new jobs in service industries will demand much higher skill levels* than the jobs of today. Very few new jobs will be created for those who cannot read, follow directions, and use mathematics. Ironically, the demographic trends in the workforce, coupled with the higher skill requirements of the economy, will lead to both higher and lower unemployment: more joblessness among the least skilled and less among the most educationally advantaged.

These trends raise a number of important policy issues. If the United States is to continue to prosper--if the year 2000 is to mark the end of the *first* American century--policymakers must find ways to:

- *Stimulate Balanced World Growth.*
- *Accelerate Productivity Increases in Service Industries:* Prosperity will depend much more on how fast output per worker increases in health care, education, retailing, government, and other services than on gains in manufacturing.
- *Maintain the Dynamism of an Aging Workforce:* As the average age of American workers climbs toward 40, the nation must ensure that its workforce and its institutions do not lose their adaptability and willingness to learn.
- *Reconcile the Conflicting Needs of Women, Work, and Families.*
- *Integrate Black and Hispanic Workers Fully into the Economy:* The shrinking numbers of young people, the rapid pace of industrial change, and the ever-rising skill requirements of the emerging economy make the task of fully utilizing minority workers particularly urgent between now and 2000. Both cultural changes and education and training investments will be needed to create real equal employment opportunity.
- *Improve the Educational Preparation of All Workers:* As the economy grows more complex and more dependent on human capital, the standards set by the American education system must be raised.

Improving Workers' Education and Skills

As the economies of developing nations move further into the post-industrial era, human capital plays an ever-more-important role in their progress. As the society becomes more complex, the amount of education and knowledge needed to

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This newsletter is founded on two fundamental beliefs. First, sound public policy requires accurate, current, independent, and focused information on the human condition. Second, education is an essential key to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the conditions of and influences that affect postsecondary education opportunity for all Americans.

make a productive contribution to the economy becomes greater. A century ago, a high school education was thought to be superfluous for factory workers and a college degree was the mark of an academic or a lawyer. Between now and the year 2000, for the first time in history, a majority of all new jobs will require postsecondary education.

Education and training are the primary systems by which the human capital of a nation is preserved and increased. The speed and efficiency with which these education systems transmit knowledge governs the rate at which human capital can be developed. Even more than such closely-watched indicators as the rate of investment in plant and equipment, human capital formation plays a direct role in how fast the economy can grow.

If the economy is to grow rapidly and American companies are to reassert their world leadership, the educational standards that have been established in the nation's schools must be raised dramatically. Put simply, students must go to school longer, study more, and pass more difficult tests covering more advanced subject matter. There is no excuse for vocational programs that "warehouse" students who perform poorly on academic subjects or for diplomas that register nothing more than years of school attendance. From an economic standpoint, higher standards in the schools are the equivalent of competitiveness internationally.

Promoting world growth, boosting service industry productivity, stimulating a more flexible workforce, providing for the needs of working families with children, bringing minority workers into the workforce, and raising educational standards are not the only items on the nation's agenda between now and the year 2000. But they are certainly among the most important.

More critically, they are issues that will not go away by themselves. If nothing unusual is done to focus national attention and action on these challenges, they are likely to be still unresolved at the beginning of the next century. By addressing them now, the nation's decisionmakers can help to assure that the economy and the workforce fulfill their potential to make the year 2000 the beginning of the next American century.

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Postsecondary Education OPPORTUNITY

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 3 **Iowa City, Iowa** **May, 1992**

An American Success Story:

Women Surpassed Men in Four-Year College Attainment in 1991 Following Five Decades of Steady Progress

American women reached a major milestone in 1991 in their quest for equality of opportunity with men. For the first time in history, women age 25 to 29 were more likely than men to have completed four years or more of college. The success for women is the major success story of the equity movement for different American population groups during the last fifty years.

These data have been gleaned from the Current Population Survey. Results for 1990 and 1991 will be published by the Census Bureau this spring.

College Attainment

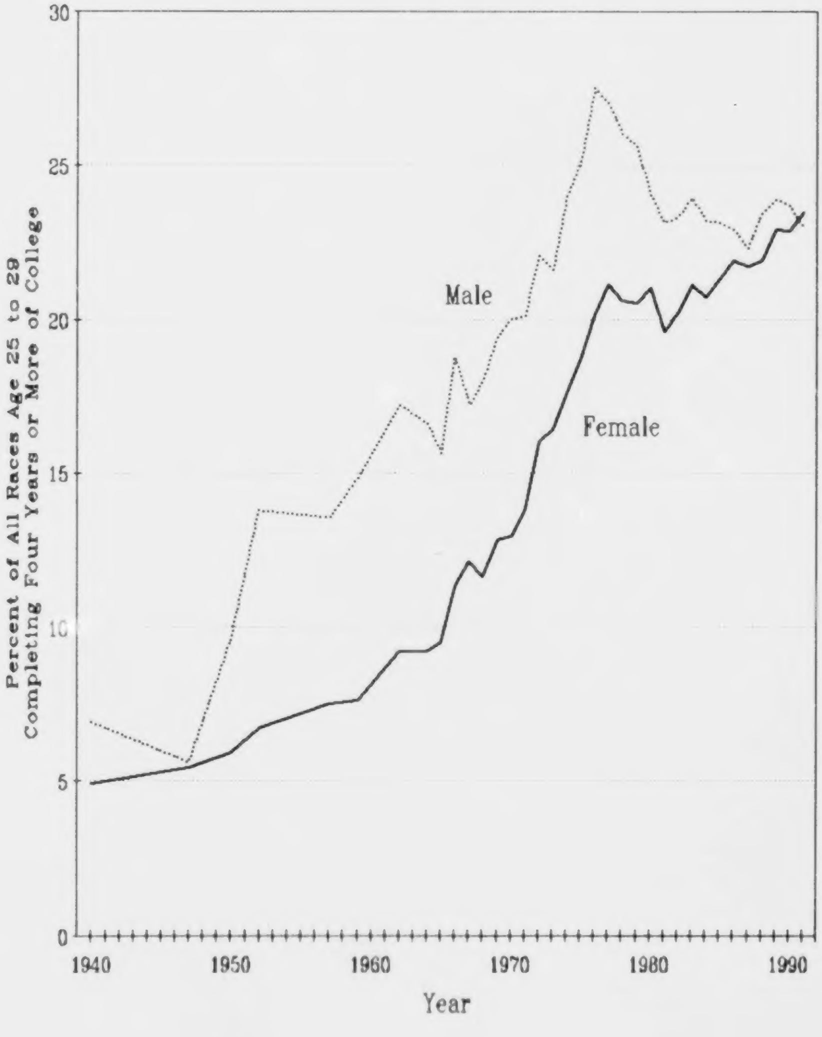
Completing four years or more of college requires successful completion of first high school, then the transition to college, then completion of college. The result is attainment.

In 1991 23.4 percent of women age 25 to 29 had completed four years or more of college, compared to 22.8 percent for men. The 1991 rate was the highest for women during the last 50 years of reported population data.

In 1940 less than 5 percent of all women had completed four years or more of college. By 1950 this had increased to 6 percent, to 8 percent by 1960, to 13 percent by 1970, and 21 percent by 1980.

For men college attainment has been a bumpier ride. The 1991 rate for men

Four-Year College Attainment Rate
by Gender for All Races Age 25 to 29 Years
1940 to 1991

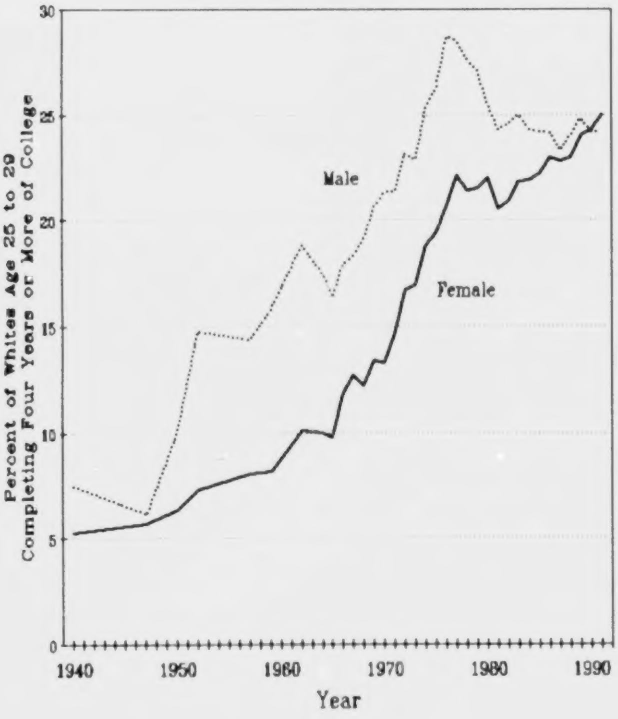


was far below the rate of 27.5 percent reached in 1976, at the end of the Vietnam War and following ending of the military service draft in 1972. The 1991 four-year college attainment rate for men was similar to rates reached in the early 1970s, while the rate for women increased substantially between the early 1970s and 1991.

College Attainment for Whites by Gender

In 1991 whites comprised 83 percent of the population of 25 to 29 year olds. Thus the college attainment rates by gender for whites resemble the rates for all races. However, for both males and females, the college completion rates for whites are well above those for blacks and Hispanics.

Four-Year College Attainment Rate
by Gender for Whites Age 25 to 29 Years
1940 to 1991



Four-year college attainment rates for whites by gender over the last five decades are shown above. For white males age 25 to 29, four-year college attainment rates increased from about 6 percent in 1947 to a peak of 28.7 percent in 1976. During the 1980s the rate for white males has held steady at between 24 and 25 percent.

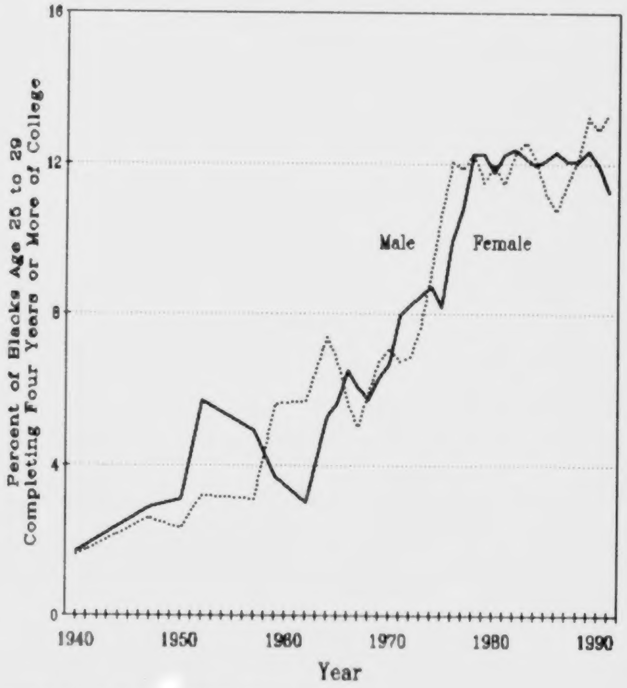
For white females, the four-year college attainment rate has increased steadily during the last fifty years, from about 5 percent in 1940 to 25 percent in 1991. The rate for females first surpassed the rate for males in 1990, and the gap widened in 1991.

College Attainment for Blacks by Gender

A different picture of equity in four-year college attainment for black women from that for white women has occurred over the last fifty years. Attainment for black women has paralleled that of black men, and not lagged that of men as has been the case for white women. As black four-year college attainment has increased for males, so too has the rate for black females in the 25 to 29 year age range followed in the Current Population Survey data.

For both black men and women the proportion of the population age 25 to 29 having completed four or more years of college increased from 1.6 percent in 1940, to about 12 percent by 1976. Since 1976 the rate has remained stable at close to 12 percent for both genders. This is almost exactly half the rate for white men and women during this period.

Four-Year College Attainment Rate
by Gender for Blacks Age 25 to 29 Years
1940 to 1991

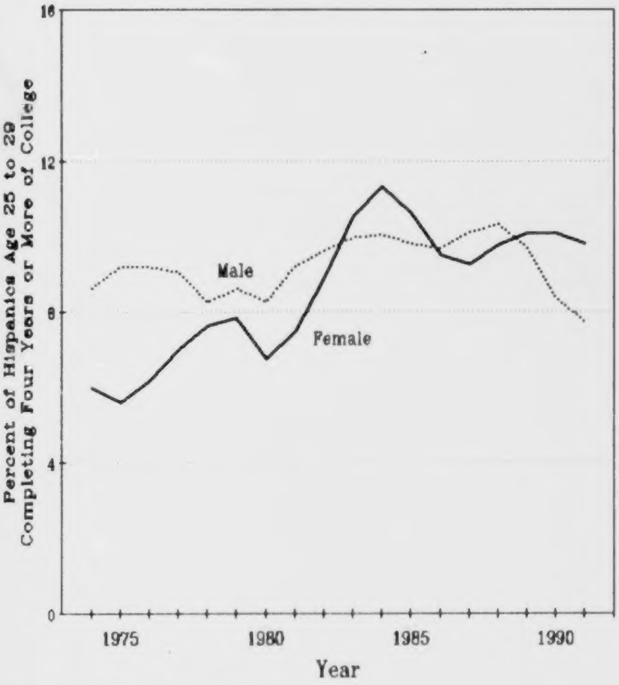


Note: Data 1964 to 1991 is moving 3 year average

College Attainment for Hispanics by Gender

College attainment data on Hispanics became available through the Current Population Survey in 1974. During the 18 years of available data, four-year college completion rates for Hispanic women age 25 to 29 have increased, while the rate for Hispanic men has been largely stable. These data are shown in the following figure.

Four-Year College Attainment Rate
by Gender for Hispanics Age 25 to 29 Years
1974 to 1991



Note: Data is moving 3 year average.

For Hispanic women, the four-year college completion rate has increased from about 6 percent in the mid 1970s to about 10 percent during most of the 1980s. The rate for Hispanic women compares to about 12 percent for black women, and now about 25 percent for white women.

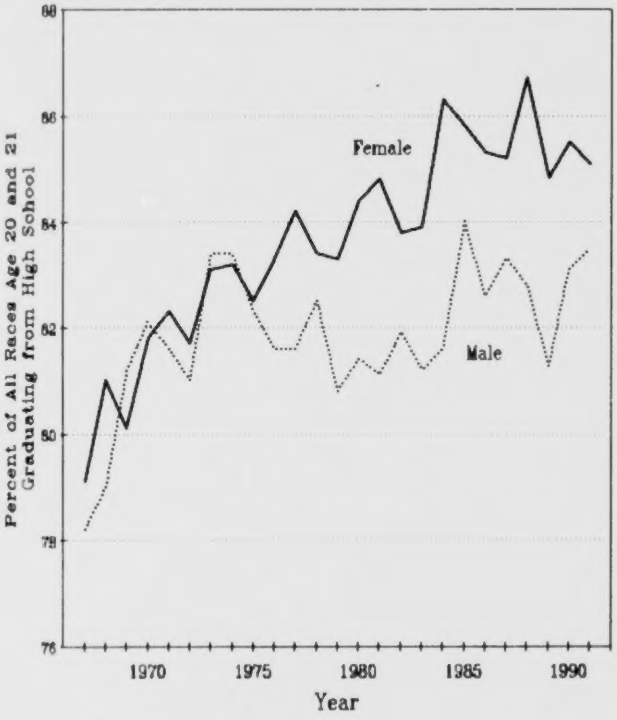
High School Graduation by Gender

To have completed four years or more of college by age 25 to 29, one must pass three hurdles: high school graduation, then college access for high school graduates, and finally completion of four years or more of college once enrolled. Only if each step is completed successfully in this sequence will one attain four year college status. To better understand the source of women's success--and remaining problems--we will analyze this sequence beginning with high school graduation rates.

The following figure summarizes high school graduation rates by gender for 20 and 21 year olds for the last twenty five years. This is the proportion of the population of 20 and 21 year olds that have graduated from high school (or received their GEDs). This chart more than those that follow identifies both the very strong foundation on which the gains in four year college attainment for females have been built, as well as the strength of that foundation for continued growth in four year college attainment in future years.

In distinct contrast to the growth for females is the lack of growth for males, particularly since the early 1970s. Although male high school graduation rates have increased since 1980, they have merely returned to levels reached in the early 1970s. In any case, male high school graduation rates have averaged about 3 percent below those for females for more than the last decade.

High School Graduation Rate
by Gender for All Races Age 20 and 21 Years
1967 to 1991

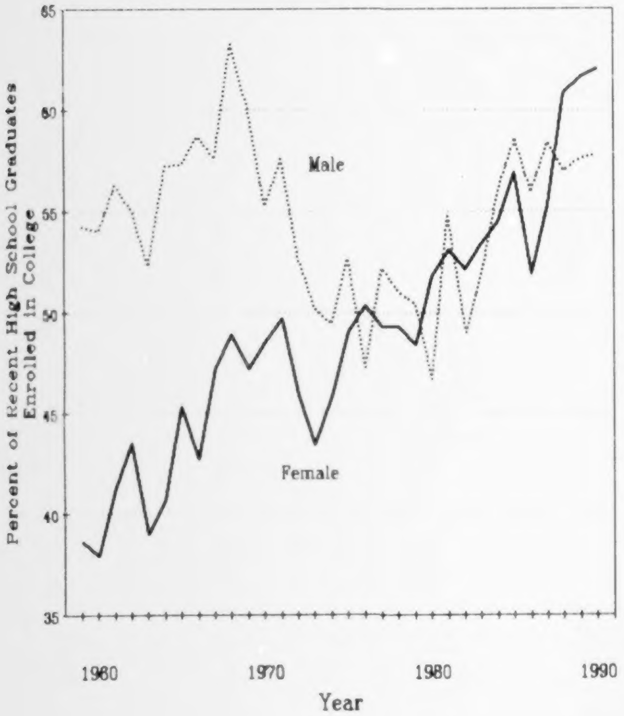


College Entrance Rates by Gender

The second step to four-year college attainment is entrance into college. Research has shown that those most likely to complete four years of college are those who enroll in college immediately after graduation from high school. Delay in college enrollment after high school graduation diminishes one's chances for completing four years of college. Because of this, our analysis continues with data published by the Bureau of Labor Statistics on the college enrollment of those who have graduated from high school during the previous year using data collected in the Current Population Survey.

The following figure shows college enrollment rates for recent high school graduates by gender between 1959 and 1990, the most recent year for which BLS has published its CPS data. These data show enormous growth in college entrance rates for recent female high school graduates over the last 30 years. In 1960 about 38 percent of all female recent high school graduates enrolled in college within a year of high school. By 1990 this rate had increased to 62 percent. This increase meant that instead of 285,000 freshmen women enrolled in college in 1990 (if their college entrance rate had been 38 percent) there were 735,000 (at the 62 percent rate). The 1990 rate of 62 percent enrolled in college was the highest rate at any time in the last three decades.

College Entrance Rates by Gender
for Recent High School Graduates
1959 to 1990



The college entrance rate for recent male high school graduates presents a very different picture for that of females during the last three decades. The rate for males in 1990--57.8 percent--is not only well below the rate for females, but also well below the peak rate of 63.2 percent for males reached in 1968 during the Vietnam War. College entrance rates for males were clearly and substantially inflated by the Vietnam War/military draft/draft exemption for college enrollment, and after 1968 the rate for males declined sharply to a low of 46.7 percent in 1981. Since then, however, the college entrance rate for males has increased steadily and substantially, although since 1988 it has lagged the rate for females by a widening margin.

College Completion by Gender

The third and final step toward four year college attainment is completing four or more years of college once enrolled, measured here through age 25 to 29. Here we return to the Census Bureau's data from the Current Population Survey. The chart on the following page summarizes four year college completion rates by gender for persons age 25 to 29 over the period 1964 through 1991.

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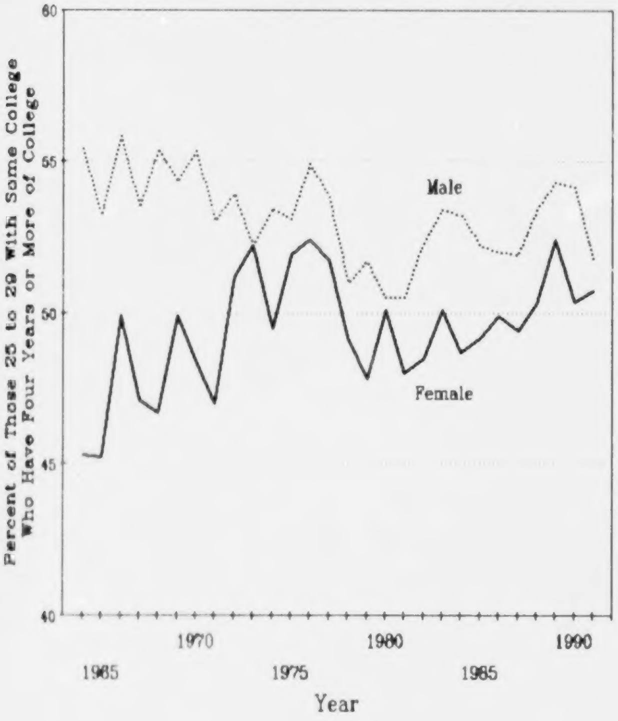
The patterns and trends in these data are significantly different from the high school graduation and college entrance charts for men and women. Not only has there been no improvement in four year college completion rates over the last two decades for either gender, but the rate for females is below the rate for males and has never matched or exceeded the male rate over the last twenty seven years of published data. In 1991 the rate for both women and men was below rates reached in the mid 1970s and before.

For women, the four year college completion rate increased between the mid 1960s and the mid 1970s, and declined slightly thereafter. Currently about 51 percent of all women who enter college complete four years or more by the time they are 25 to 29 years old. This compares to about 52 percent for men in 1991, down from about 55 percent in the late 1960s.

Four Year College Completion Rates
by Gender for Persons Age 25 to 29 Years
1964 to 1991



Conclusions

By any measure women have made simply enormous progress in four year college attainment over the last fifty years. The proportion of the population of women age 25 to 29 having completed four years or more of college has increased from 5 percent to 23 percent, progress has been steady, and in 1991 for the first time in five decades of recorded history women were more likely than men to have completed four years or more of college.

The four year college attainment rates vary sharply between women from different racial/ethnic groups. The rate is highest for white women, at about 24 percent. It is half that for black women, at 12 percent, and somewhat less than that at 10 percent for Hispanic women. All of the recent growth has been for white women only.

These achievements have been founded on strong bases that bode well for continued growth in four year college attainment for women throughout the 1990s. High school graduation rates are near all time highs and are well above the rates for males. College entrance rates for recent female high school graduates have grown sharply over the last 30 years and in 1990 were at record highs as well as being well above the rates for males.

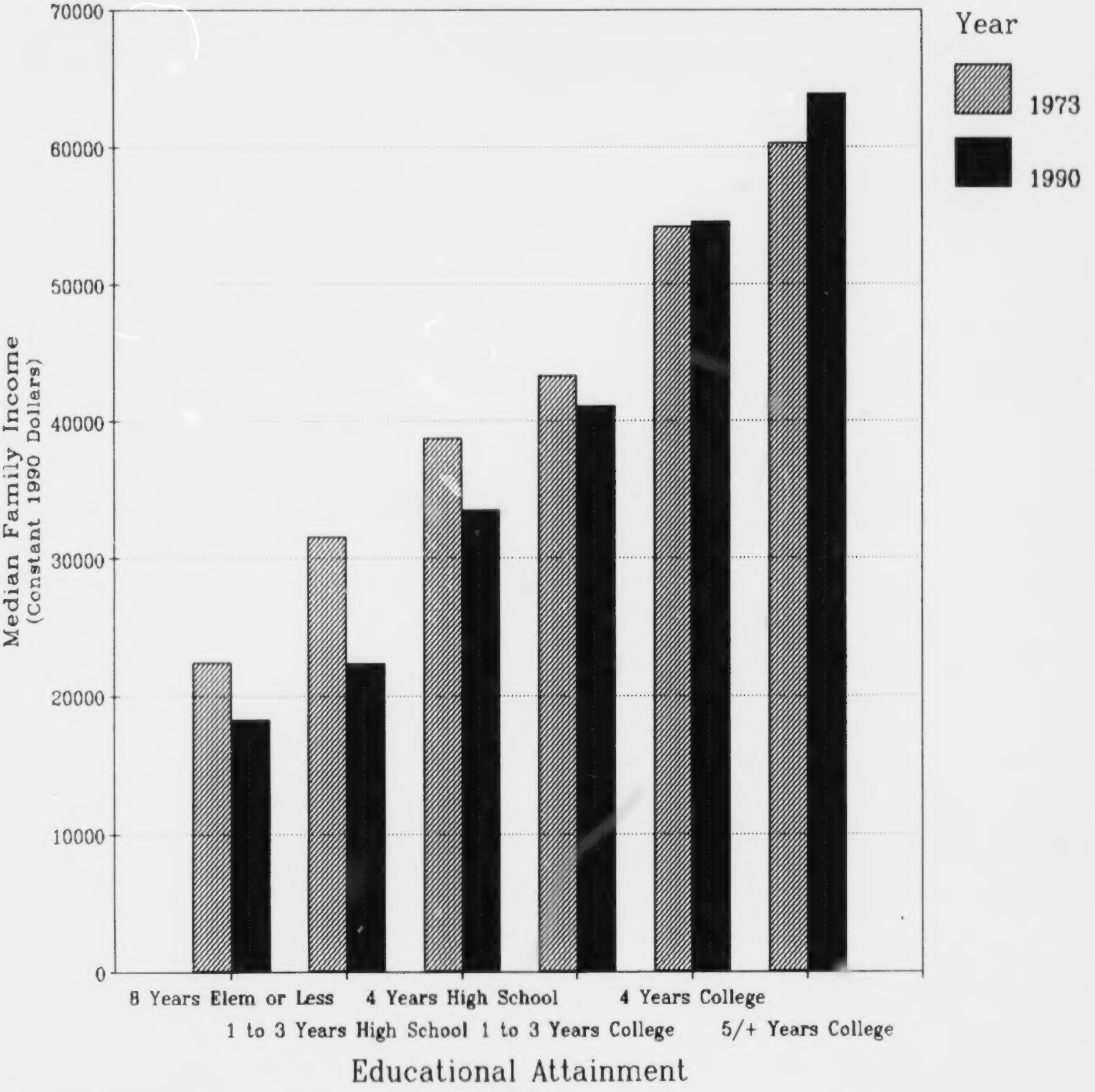
Four year college completion for women who enroll in college remains a problem with respect to four year college attainment. Women age 25 to 29 who start college have shown no improvement in completion rates in nearly twenty years, and further their rates have consistently lagged the rates for men. This situation is all the more striking given the sharp increase in college freshmen women reporting that their goal is to obtain a four year degree from college.

This problem is not unique to women--it is a problem for blacks and students from low income family backgrounds as well. It appears to be a problem not necessarily for women, but of the filtering and selection processes of higher education. Collegiate education through the baccalaureate degree still appears to be best suited to affluent, white males.

Which brings up the serious problem of educational progress for males. The data on high school graduation rates and college entrance rates for recent male high school graduates is no better than unsettling. High school graduation rates for males in 1991 were no better than they were during the mid 1970s. They are far below those for females. College entrance rates for recent male high school graduates are now below those for females, and the gap has widened for the last three years. Only in four year college completion rates do males enjoy an advantage over females. However, four year college completion rates for males have declined from the levels reached during the 1960s. Male four year college attainment, it would appear, seems most responsive to the threat of a war and the sanctuary therefrom provided by educational enrollment.

Think About This for a While .....

Redistribution of Family Income
by Educational Attainment of Householder
Between 1973 and 1990



Source: Census Bureau, Current Population Reports, Series P-60.

A Lesson in How Not to Foster Education Opportunity

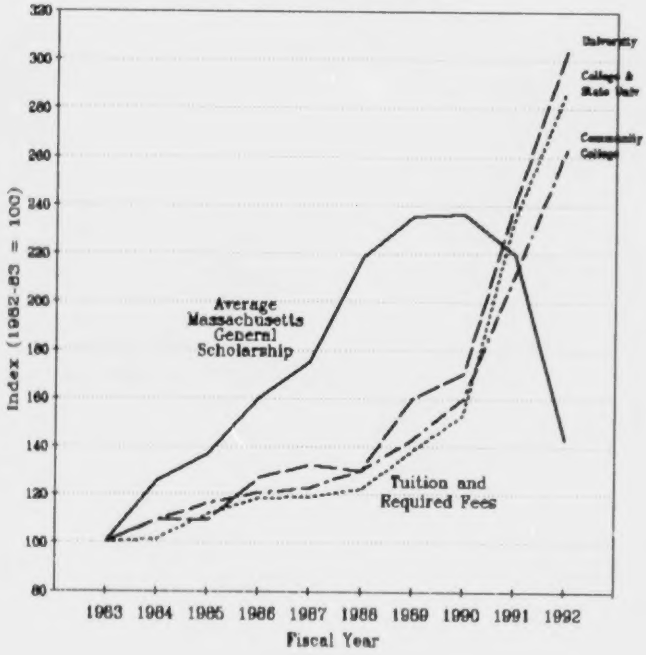
The Massachusetts Massacre of 1991

In 1992 the State of Massachusetts became the first state in the history to the State Student Incentive Grant Program to return its federal allotment--about $2 million--to the federal government for reallocation to other states. Sharp reductions in funding for the Massachusetts General Scholarship Program left the state unable to meet its "maintenance of effort" requirement to qualify for the federal student financial aid funds. Thus, in April Massachusetts forfeited $2,041,436 in SSIG money that would have gone to Massachusetts students enrolled in colleges and universities.

Massachusetts was not the only state to reduce state funding for its student financial aid programs for 1991-92. Other states that did so were Alabama (-8.6%), Arizona (-0.2%), Connecticut (-0.5%), Georgia (-0.7%), Iowa (-2.6%), Missouri (-0.9%), North Carolina (-0.9%), North Carolina (-0.9%), Rhode Island (-5.2%), South Carolina (-5.2%), and Tennessee (-2.6%), according to data reported by the National Association of State Scholarship and Grant Programs. All of these states increased tuition and required fees in their public institutions, some by as much as 22 percent over 1990-91 according to data provided by the State of Washington Higher Education Coordinating Board. But no state both increased its public institution tuitions by up to 26 percent and then cut its state student aid program funding by 48.4 percent as did Massachusetts.

(*Continued on Page 8*)

Average Massachusetts General Scholarship Grant
Compared to Public Tuition and Required Fees
Fiscal/Academic Years 1983 to 1992



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Recent Massachusetts History

The 1980s were prosperous times for Massachusetts. Tuition increases in public institutions were moderate, and the Massachusetts General Scholarship Program was expanded both to more students and with higher maximum and average awards. The number of award recipients increased from about 27,000 in the early 1980s, to a peak of about 48,600 in 1986-87. Funding increased from about $16.5 million in the early 1980s to a peak of $56.7 million in 1988-89. The maximum grant was increased from $900 to $3800 during this period. In addition, Massachusetts added a Part-Time Grant Program in 1986-87. This program provided about $4 million per year to between 6000 and 7000 students.

By the late 1980s economic recession had replaced economic expansion, and the state budget was slow to respond. The election of a new governor, with a promise to address the state budget crises with a conservative fiscal approach, quickly led to major changes in state student financial aid. The number of General Scholarship awards was reduced, funding was reduced, and the Part-Time Grants were eliminated. Between 1990-91 and 1991-92, the number of General Scholarship recipients was reduced from 34,000 to 27,000. Funding was nearly halved, from $46 million to $23.7 million. An additional $1.9 million was saved when 3900 Part-Time Grants were eliminated. Reciprocity with other states was terminated and General Scholarships were limited to Massachusetts institutions.

These funding reductions brought student aid funding to about $10 million below the federal maintenance of effort requirement to receive the $2 million SSIG allotment for Massachusetts for 1991-92. These funds have since been reallocated to student aid programs in other states.

Among the cruelest decisions made in Massachusetts has been the state's decision to reduce the maximum grant available to the neediest students by the largest amount, in order to preserve awards for less needy students. In 1990-91 the neediest student in a private college qualified for a maximum grant of $3800. This year that maximum was reduced by $1900 to $1900.

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Postsecondary Education **OPPORTUNITY**

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 4 **Iowa City, Iowa** **June, 1992**

Focus on Youth:

Growth in College Enrollment Rates During 1980s Limited to Americans Under Age 25

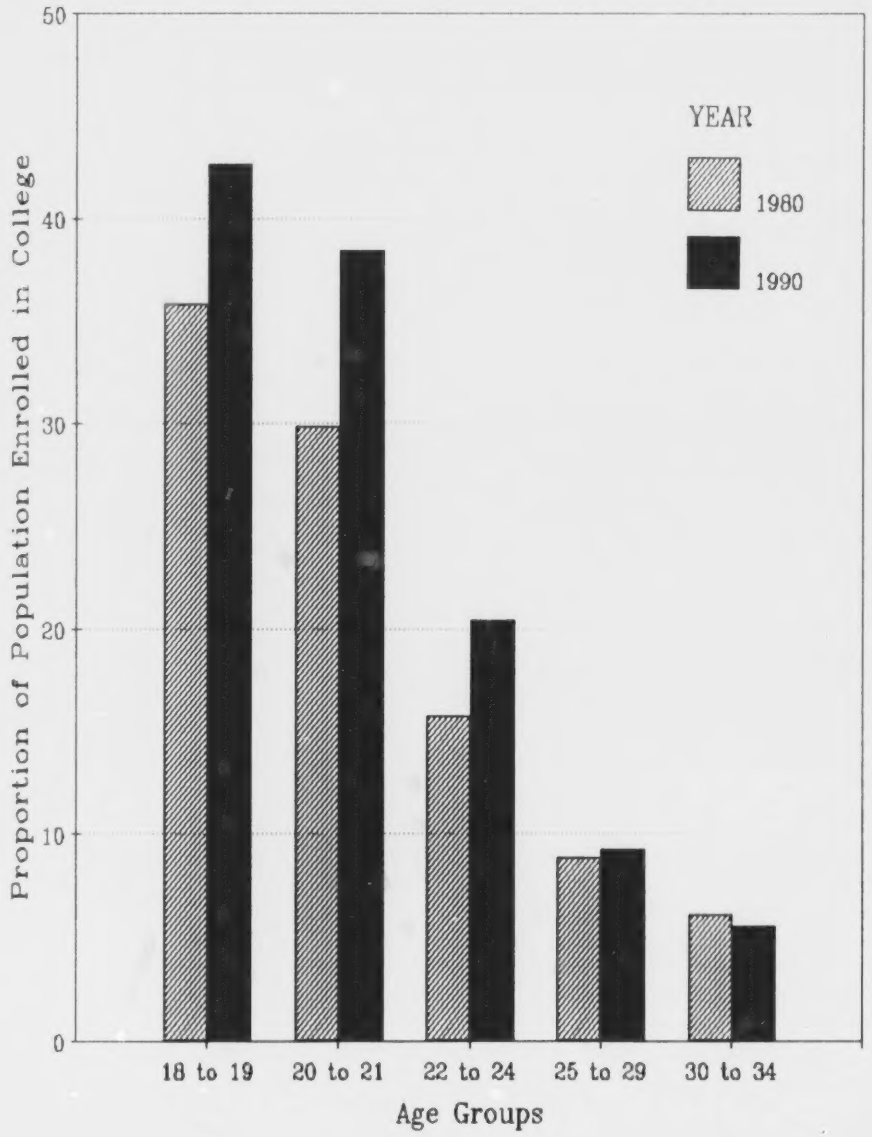
College enrollment rates increased significantly for Americans during the 1980s, but only among Americans less than 25 years of age, and mainly in the traditional age group served by higher education--18 to 21 years olds. For Americans 25 to 34 years of age college enrollment rates were stable or declined slightly during the 1980s.

These and others findings are gleaned from published and unpublished data from the October Current Population Survey conducted by the Census Bureau. The data reported here were inspired by 1985 studies reported by John Lee and Michael O'Keefe. This report updates and extends their earlier analyses of higher education enrollments by age to the genders and several racial/ethnic groups tracked by the Census Bureau.

Enrollment Rates by Age

Four-year college enrollments typically consist of people who have recently graduated from high school. (Two-year college enrollments are more often adults who have been out of college for a number of years.) At this age young adult's lives are relatively free of adult responsibilities such as marriage, careers, children, and financial obligations--what economists term "opportunity costs" of college attendance. Because financial aid does not address opportunity costs beyond family maintenance, college becomes less affordable as young adults move through their twenties and assume adult obligations that limit

College Enrollment Rates by Age Groups
1980 and 1990



their time, money, and focus available for further education.

The figure on this page shows college enrollment rates by age cohort from 18 through 34 between 1960 and 1990. Across all age cohorts, college enrollment rates increased sharply during the 1970s, influenced by the Vietnam War. The bulge in 18 to 19 year old enrollment rates in the late 1960s carried forward into later age cohorts in subsequent years. College enrollment rates for 18 and 19 year olds then remained flat during the 1970s, and resumed growth during the 1980s.

The lags in the fluctuations in college enrollment rates reflected in older cohorts in subsequent years suggest growth in enrollment rates in future years for the older cohorts tracked in the Current Population Survey.

Enrollment Rates by Gender

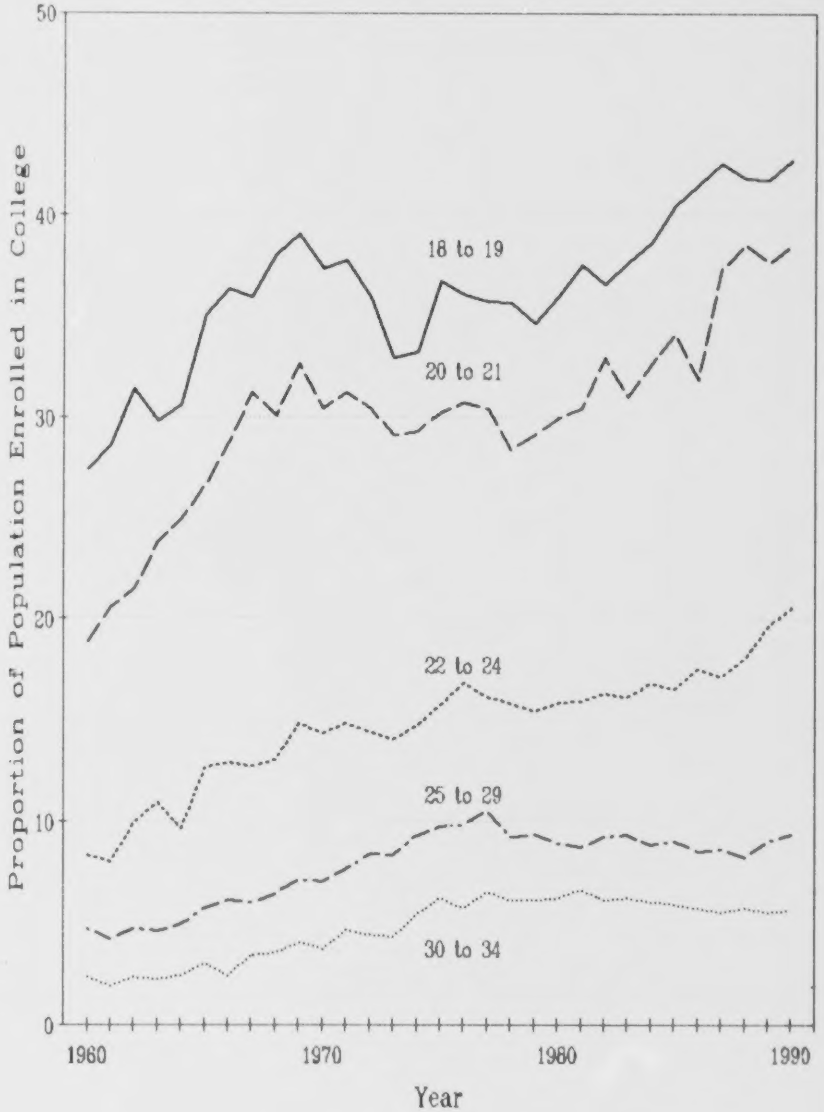
Previous enrollment studies reported in this newsletter have demonstrated staggering differences in the college enrollment behaviors of males and females over the last three decades. In this analysis of college enrollment rates by age these gender differences are again strikingly apparent.

Males. The difficulties males face in college enrollment are evident in the first figure on page 3. Despite some gains during the 1980s, enrollment rates for males in 1990 were below peaks reached between the late 1960s and the mid 1970s.

Among both 18 to 19, and 20 to 21 year old males, college enrollment rates peaked in 1969 at about 44 percent. After this peak--and particularly following the ending of the military draft in 1972--these rates declined to the low 30 percent range by the late 1970s. This decline corresponds to a decline in the monetary advantage of a college educated male over a high school educated male in the labor force during the 1970s. Similarly, when the labor market return for males with a college education improved (significantly) during the 1980s the college enrollment rate among 18 to 21 year old males turned up. This increase, however, has not yet returned college enrollment rates to the levels reached during the late 1960s.

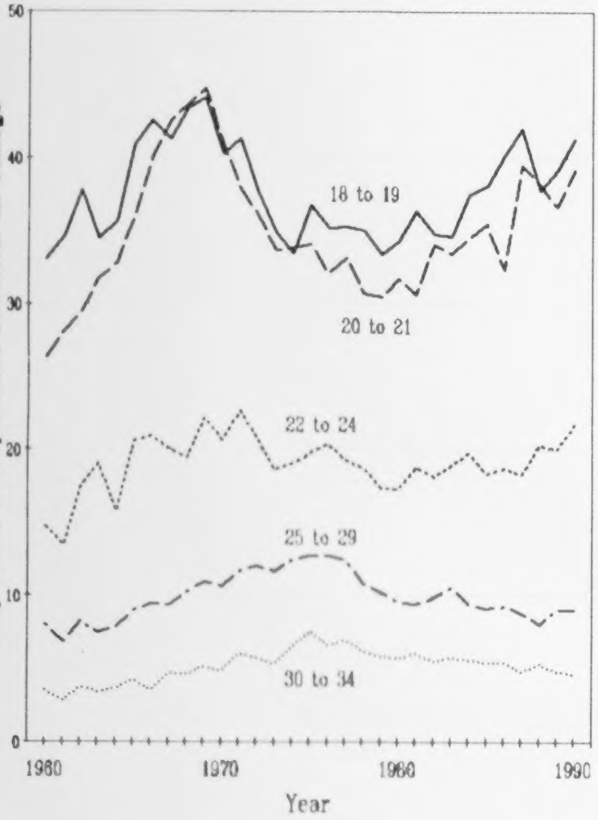
Among males 25 and over, college enrollment rates have declined almost steadily between the mid 1970s and 1990. In the case of 25 to 29 year old

College Enrollment Rates by Age
October, 1960 to 1990



males, college enrollment rates have declined to mid 1960s levels.

College Enrollment Rates by Age for Males
October, 1960 to 1990



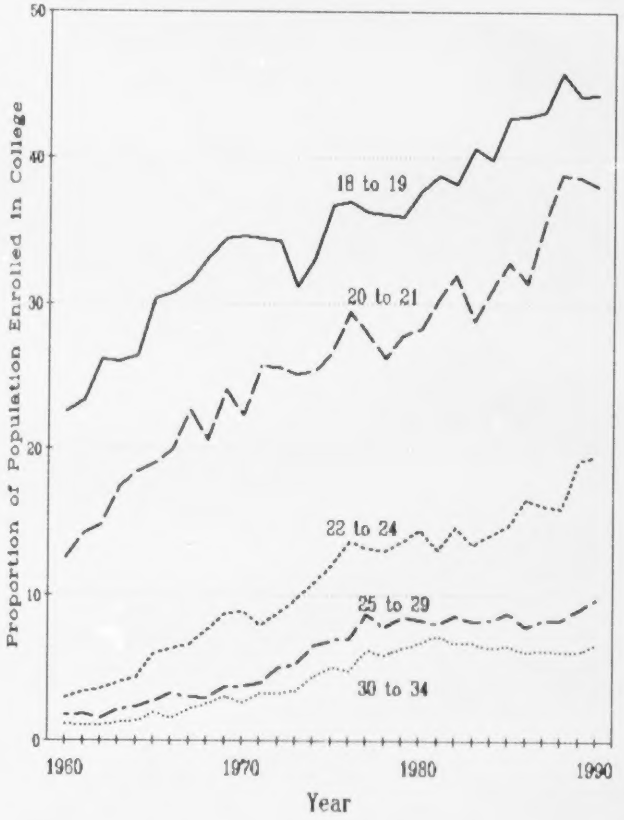
Females. The enrollment rate picture for females is so different from males that one might think the two populations came from different planets. For females college enrollment rates in 1990 were at or near their highest levels for any year during the last three decades. For each age cohort, steady and substantial gains in enrollment rates characterize the last 30 years, and these gains appear to be continuing and even accelerating in 1990.

Among females 18 and 19 years of age the enrollment rate in 1990 was 44.3 percent, just short of the record high of 45.8 percent reached in 1988, but nearly twice the rate of 22.5 percent in 1960. This was an increase of 21.8 percent between 1960 and 1990.

This increase was surpassed by the increase of 25.5 percent in college enrollment rates among females age 20 to 21 during this same period of time. The rate tripled, from 12.5 percent in 1960 to 38 percent in 1990.

By 1990 the college enrollment rates for females surpassed those of males in the 18 to 19, 25 to 29, 30 to 34, and 35 to 44 age cohorts.

College Enrollment Rates by Age for Females
October, 1960 to 1990



Enrollment Rates for Whites

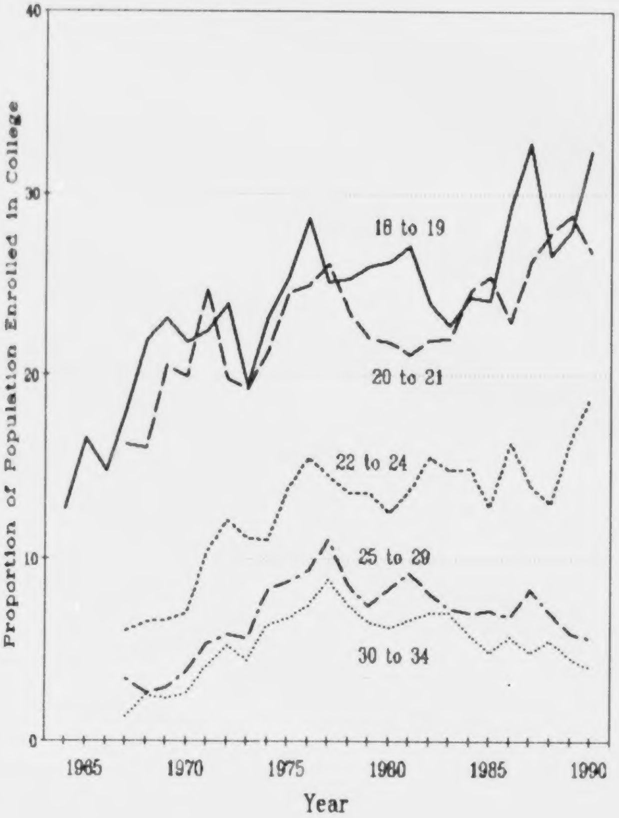
Whites constitute between 81 and 85 percent of each age cohort age 18 and over, and thus the second, third, and fourth figures in this issue reflect white enrollment rate experience over the last three decades. (Those wishing the white data may contact Tom Mortenson directly for this information.) In the space available in this newsletter, we will focus on blacks and Hispanics as more disadvantaged in the college enrollment experience.

Enrollment Rates for Blacks

The Current Population Reports have reported college enrollment rates for blacks age 18 and 19 since 1964, and for older age cohorts since 1967. (Earlier published data was for nonwhites, most of whom were blacks but these data also included other races.) These data are summarized in the following chart.

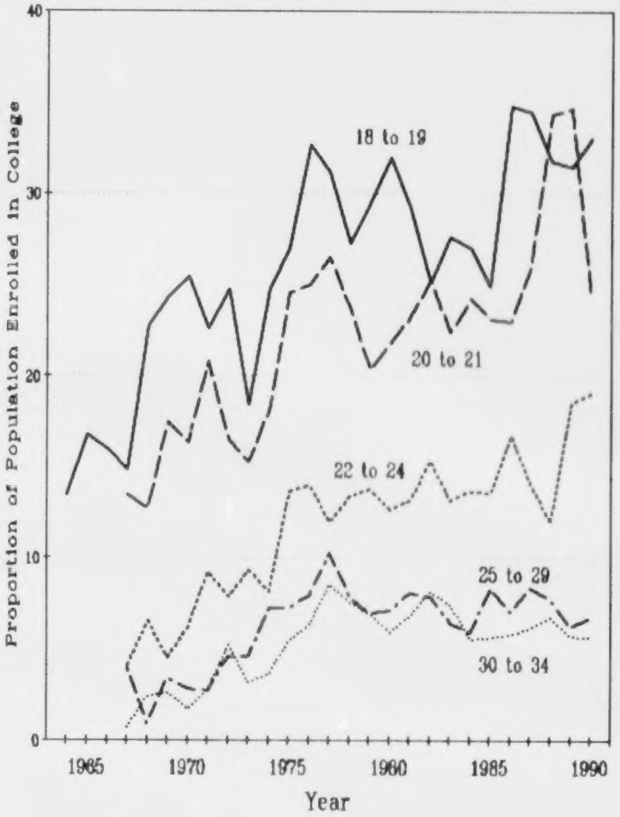
Black college enrollment rates differ from rates for whites in a number of obvious and subtle ways. First, rates for blacks fall well below rates for whites for each age cohort. Over the last five years, the black college enrollment rate has averaged about two-thirds of the white rate among those 18 to 21 years of age, and roughly 80 percent of the white rate from those 22 to 34. Second, blacks 20 to 21 have sometimes been enrolled in college at higher rates than blacks 18 to 19 years.

College Enrollment Rates by Age for Blacks
October, 1964 to 1990



Much has been written elsewhere (and will be written here in future issues of this newsletter) about the problem of black male participation in higher education. In some respects gender differences within the black population are quite similar to the gender differences within the white population. Young black women (18 to 24 years) have made and continue to make significant increases in college enrollment rates. In 1990 college enrollment rates for black females 18 to 19 and 22 to 24 were at or close to record high rates. In contrast, black women 25 and over have experienced declines in college enrollment rates since 1977. Among black women 25 to 29 for example, college enrollment rates have declined from their peak of 10.2 percent in 1977 to 6.7 percent by 1990.

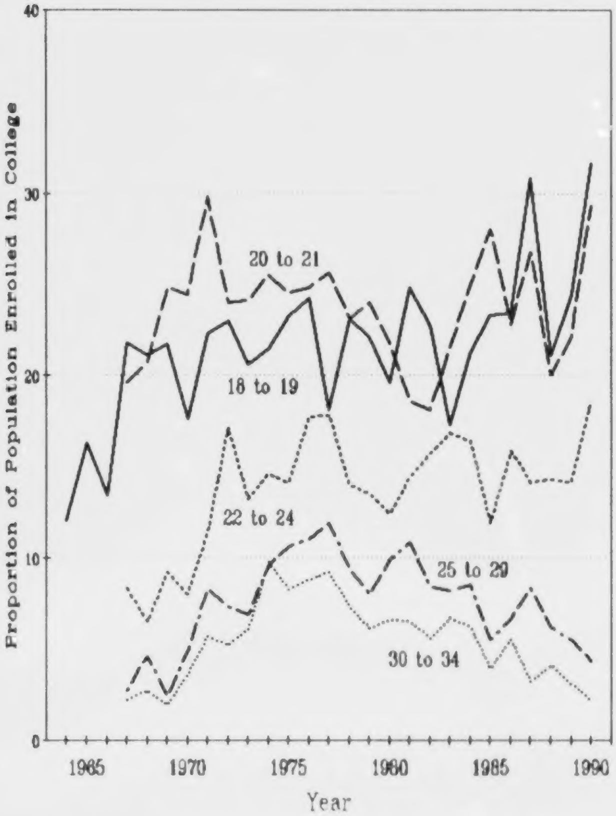
College Enrollment Rates by Age for Black Females
October, 1964 to 1990



Black male college enrollment rates--particularly among those 18 to 24--increased during the Vietnam War era and declined thereafter. However, like white males, the rates for black males began to increase during the 1980s following the increasing monetary return on a college education (and the deterioration of alternatives like manufacturing and military). Among black males 18 to 24, college enrollment rates in 1990 were at or very near record highs for the last three decades.

For older black males--those 25 to 34--college enrollment rates have declined significantly and almost continuously since 1977. Among those 25 to 29 the rate has declined from 11 percent in 1977 to 5.6 in 1990, and among those 30 to 34 the rate has declined from 9.2 percent in 1977 to 2.2 percent in 1990.

College Enrollment Rates by Age for Black Males
October, 1964 to 1990



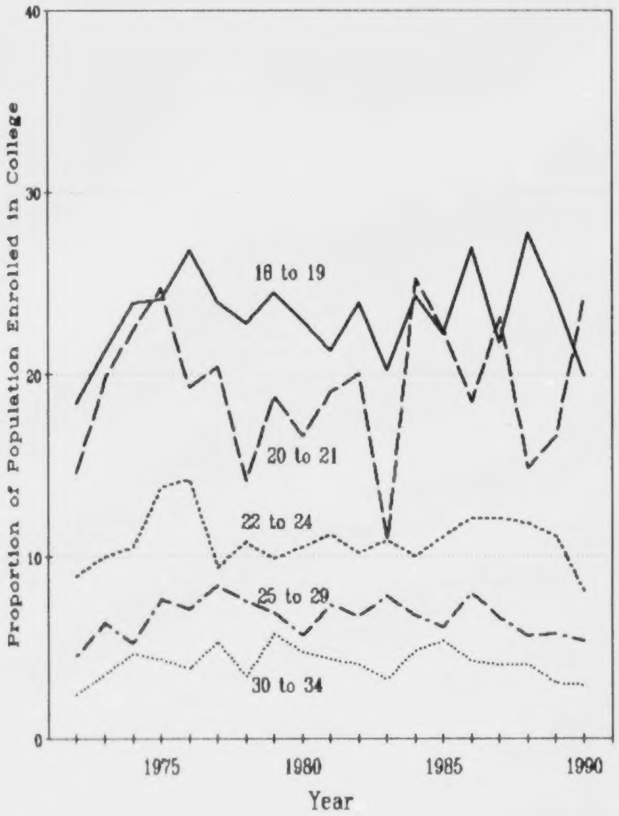
Enrollment Rates for Hispanics

College enrollment data for Hispanics has been reported from the Current Population Survey since 1972, and Mexican-American data since 1973. In this newsletter we will summarize the Hispanic data; in a future issue we will examine the Hispanic data in far greater detail.

Hispanic college enrollment rates are distinguished from rates for other groups in two significant ways. First, they are very low. For each age cohort the college enrollment rates for Hispanics are well below those for blacks, and rates for blacks are well below those for whites. For example for the last five years when college enrollment rates for 18 to 19 year old blacks averaged about 30 percent, rates for Hispanics averaged about 24 percent. Generally, across age cohorts, the college enrollment rates for Hispanics average about 80 percent of the black college enrollment rates.

The second characteristic of Hispanic college enrollment rates is their lack of change since 1975. For four of the five age cohorts reported in the Current Population Survey, Hispanic college enrollment rates in 1990 were below their 1975 levels. (The one exception is the 20 to 21 age cohort.)

College Enrollment Rates by Age for Hispanics
October, 1972 to 1990



Summary of Findings

There are two consistent findings evident in these Census data that are important to our understanding of educational opportunity. First, college enrollments are strongly linked to age: the highest college enrollment rates are among 18 to 19 year olds, and these rates decline sharply after 21 with older age cohorts. This finding holds across time, for both genders, and across all racial/ethnic groups.

The second finding is that growth in college enrollment rates has been limited to those in the age 18 to 24 cohorts. Significant growth occurred below age 25. Between 25 and 34 college enrollment rates generally declined in the 1980s.

It Must be the Pacific Ocean:

What is Wrong with Washington State?

Statewide Enrollment Limits Gone Amuck

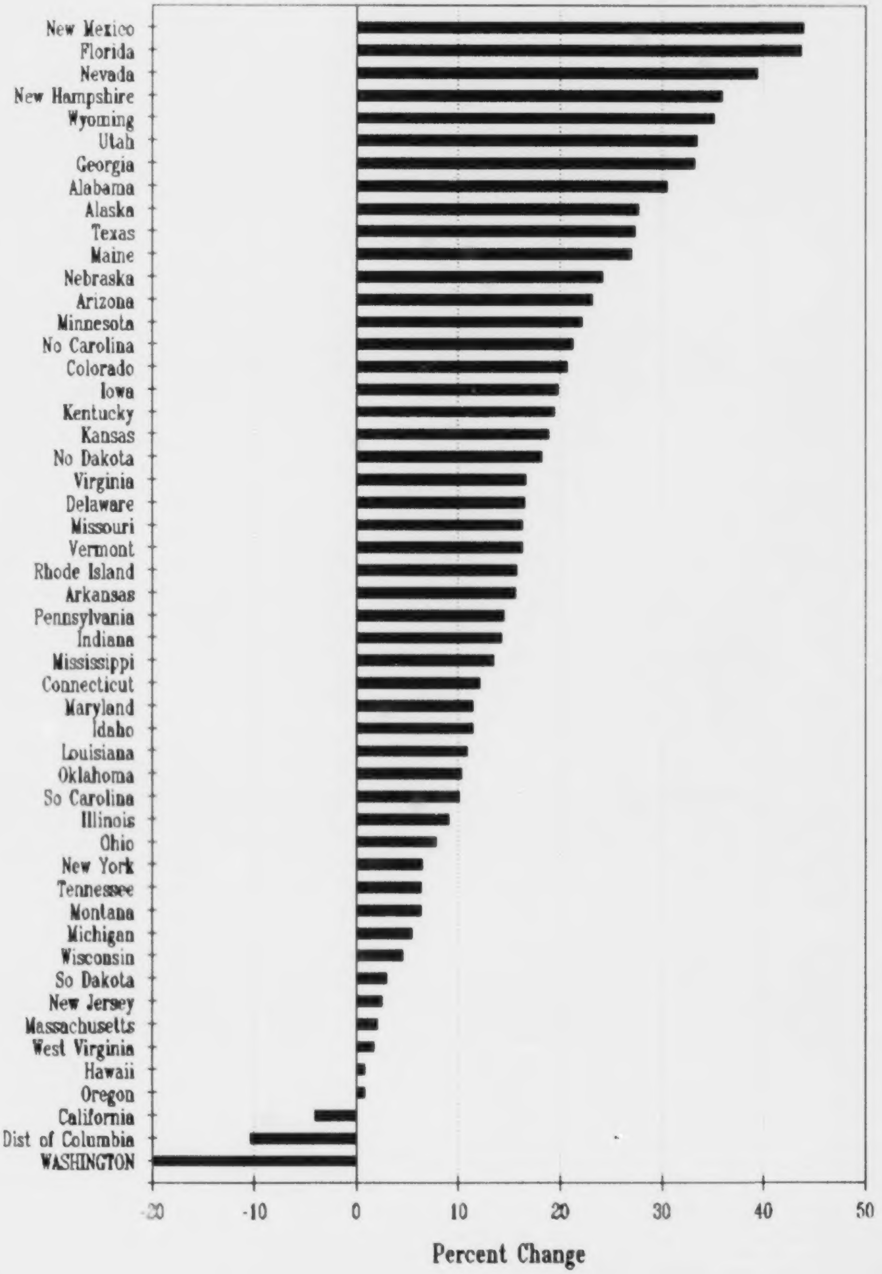
The State of Washington represents a textbook example of what can happen to higher education opportunity when statewide enrollment limits are imposed in a budget crisis. Each year Washington denies educational opportunity to nearly 100,000 of its own citizens. No other state has managed to so totally devastate the futures of so many of its own citizens during the 1980s as has Washington. Because of Washington's demonstration of what happens to higher education opportunity when a state chooses to close the doors to higher education for its own citizens, the Washington situation is described here in some detail.

According to the National Center for Education Statistics, between the fall of 1980 and the fall of 1989, enrollment in public higher education in the United States increased by 11.2 percent. Enrollments in public institutions increased in every state except California and Washington (and the District of Columbia) where they decreased.

The largest decrease was in the State of Washington where enrollment in public universities and community colleges *decreased* by 19.8 percent between the fall of 1980 and the fall of 1989. By this measure Washington ranked 51st among the 50 states plus the District of Columbia in public higher education enrollment expansion during the 1980s. The percentage changes in public higher education enrollments by state between the fall of 1980 and the fall of 1989 are shown in the chart to the right.

Nationally, public four year college enrollments increased by 11.0 percent between 1980 and 1989, but in

Percent Change in Public Higher Education Enrollments by State between 1980 and 1989



Washington they *decreased* by 6.0 percent. Nationally, public two-year college enrollments increased by 11.4 percent, but in Washington they *decreased* by 25.9 percent during this same period. What happened?

The 1981 Washington Budget Crisis

Statewide enrollment limits in Washington are the end product of a variety of conditions in Washington. First, Washington has no state income tax. State revenues are derived from taxes such as sales taxes, and such taxes of relative choice are among the first to drop and they decline the most when the economy enters a recession. (Income and real estate taxes, in contrast, provide relatively stable government revenues.) So when Washington's economy faltered in 1981, state revenue forecasts looked especially bleak.

Second, Washington has some history of a commitment to *quality* of opportunity for those that do enroll in public institutions. This commitment persists today. Compromises to quality are resisted in Washington, even at the expense of providing opportunities for enrollment to students.

Finally, when Washington's economy evolved from the recession of the early 1980s, the enrollment limits that were first imposed in 1981 became the basis for subsequent state budgeting for higher education. Effectively, the enrollment limits were never lifted when the Washington economy resumed its economic expansion. Higher education's share of the State of Washington's budget declined throughout the 1980s as the state's priorities shifted away from higher education. (This happened in most states, as we reported in OPPORTUNITY Number 1, March, 1992.)

Enrollment Consequences

Detailed examination of Washington higher education enrollments identifies several important conclusions:

- The students denied opportunity in Washington public higher education have not ended up in private colleges in Washington. Between 1980 and 1988 when private four-year college enrollments were increasing by 7.7 percent nationally, Washington private college enrollments increased by 4.3 percent.
- There is some modest evidence that a few students have emigrated in search of higher education opportunity, although inter-state migrants often come from family income and academic ability levels that would assure them access anywhere. But Washington is a net exporter of college students of about 500 to 900 first-time freshmen per year.

Overall, however, the general picture is clear and unequivocal: many tens of thousands of Washington residents are denied an opportunity for a higher education because of state-imposed enrollment limits in Washington public higher education. Using an enrollment shares model to estimate unmet student demand, about 97,400 students were denied an enrollment opportunity in the fall of 1990, with an estimated error interval of from 59,400 to 156,100. About 14 percent of the total unmet student demand was taken from public four-year institutions, and about 86 percent was taken from public two-year colleges.

By a participation rate model--driven by proportions of relevant age cohorts enrolled in higher education--somewhat different results are obtained. This model indicates that

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in 1990 unmet student demand for higher education in Washington was about 86,700, with an estimated error interval of 39,100 to 130,300. Under this model, about 32 percent of the unmet student demand was taken from four-year institutions, and about 68 percent from two-year colleges.

The Washington economy has been built on economic activity that is in decline in much of the rest of the country, and may be so in Washington as well. Primary economic activity--based on exploitation of natural resources--provided enormous growth in the past. But logging of old-growth forests is about complete, and salmon stocks are greatly depleted from historic levels. Secondary economic activity--largely manufacturing--is reflected in Boeing's prosperity. But elsewhere manufacturing employment has been in decline, and the days of relatively inexpensive electricity important to the aluminum manufactured for airplanes may be limited by environmental concerns such as loss of salmon stocks.

Gradually, Washington's economy will become more dependent on well educated and trained human capital. As that day arrives the human capital deficiencies of the state's labor force are likely to become more apparent than they have been under the camouflage of recent economic prosperity.

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Iowa City, Iowa 52244
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Editor and Publisher
Thomas G. Mortenson
TIN: 470520190

Mission Statement

This newsletter is founded on two fundamental beliefs. First, sound public policy requires accurate, current, independent, and focused information on the human condition. Second, education is an essential key to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for all Americans.

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Postsecondary Education **OPPORTUNITY**

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 5 **Iowa City, Iowa** **July, 1992**

Leading Indicators:

College Entrance Rates for Recent High School Graduates Reached Record Levels in 1991 - Except for Men and Blacks

The college entrance rate for 1991 high school graduates reached a record high of 62.4 percent, up from the previous record of 59.9 percent in 1990 and record setting years in 1988 and 1989. The sharp increase in the college entrance rate offset a decline of 2.8 percent in the number of high school graduates in 1991. This left the number of 1991 college freshmen who were recent high school graduates at 1,420,000--virtually the identical to the 1990 number.

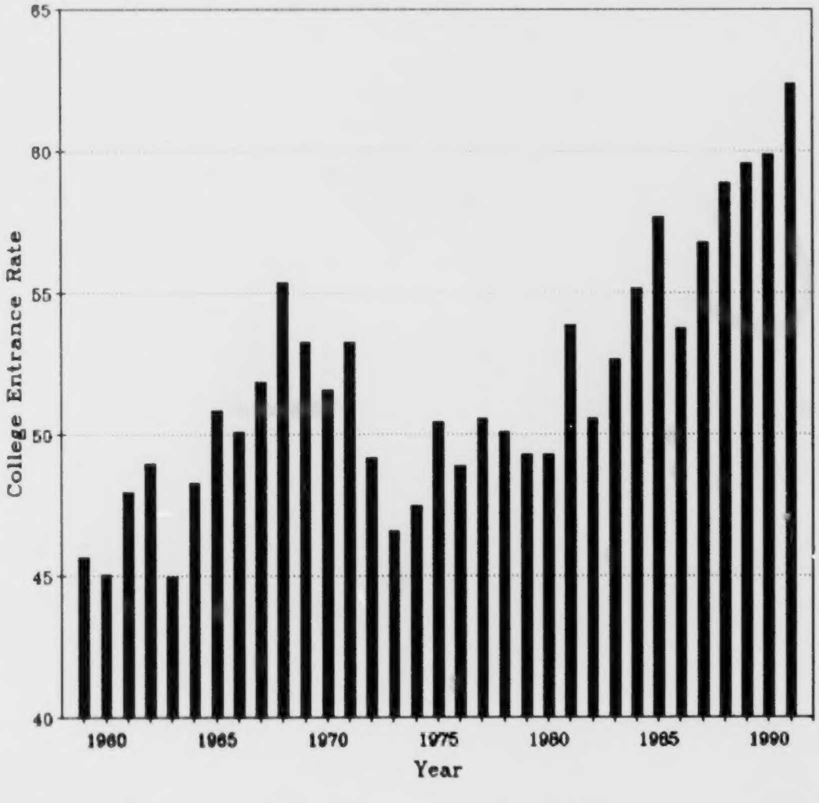
These findings are particularly important for college enrollment projections. These data anticipate changes in four-year college enrollments by two to three years. The college entrance rate data by gender and racial/ethnic demographic groups on which data are collected and reported are leading indicators in trends in four-year college enrollments for these groups as well.

These findings are gleaned from data collected in the 1991 October Current Population Survey (CPS) and recently published by the Bureau of Labor Statistics (BLS). The CPS data are collected for individuals who graduated from high school during the previous school year.

Progress Over Three Decades

Over the 33 years that the BLS has collected and reported these data, the proportion of recent high school graduates enrolled in college in October increased from about 45 to over 62 percent. To express this increase another way, the growth in the college entrance rate from 45 to 62 percent added about 396,000 students or 39 percent to college freshman classes in 1991.

College Entrance Rates
for Recent High School Graduates
1959 to 1991

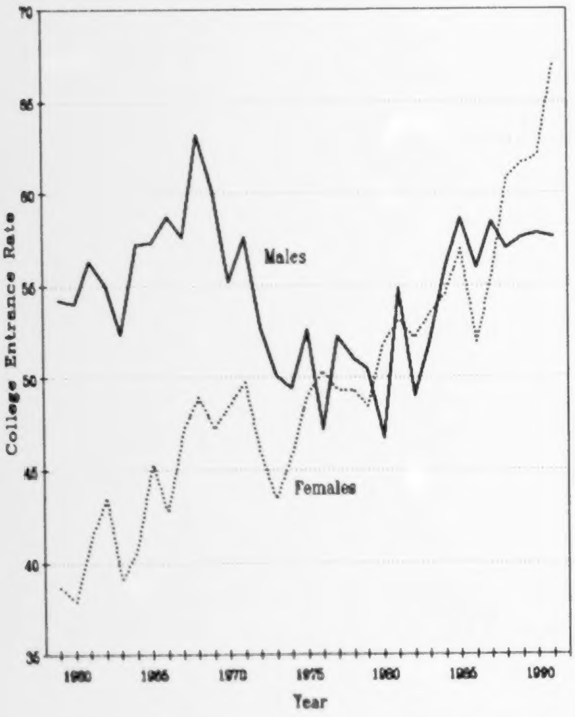


This growth has not been steady, as is evident in the above chart. The bulge in the college entrance rate around the late 1960s reflects primarily the influx of male college students during the Vietnam War. Until the draft was ended in 1972, college enrollment provided a safe (and productive) sanctuary from military service.

Gender

There is no clearer illustration of the huge and growing disparities in the college enrollment behaviors of men and women than that shown in the following chart. Since 1959 the entrance rate for males has meandered up and down, influenced significantly by the Vietnam War and changes in the labor market return on a college education compared to the return on a high school education. For women, however, the following chart reflects quite astounding and unremitting increases in college entrance rates over more than three decades.

College Entrance Rates by Gender
for Recent High School Graduates
1959 to 1991



In 1991 the college entrance rate for male high school graduates was 57.6 percent, somewhat below the recent peak of 58.6 percent reached in 1985, and the all-time peak of 63.2 percent reached in 1968. The 1991 rate was similar to the rate 30 years earlier of 56.3 percent. Since 1959 the male college entrance rate has ranged from a low of 46.7 percent in 1980 to the 1968 peak.

A completely different story is reflected in the data for women. Over the last three decades the rate increased by about 29 percent or nearly 1 percent per year, from about 38 percent in 1959 and 1960 to 67.1 percent in 1991. The progress has been relentless except for a brief lapse during the early 1970s when college entrance rates for males were declining sharply.

Converting entrance rates to students provides another dimension of the phenomenal growth in college opportunities for female high school graduates. In 1991 there were 763,000 recent female high school graduates enrolled in college. However, if the female high school class of 1991 had enrolled in college at the 1960 rate there would have been only 431,000 enrolled in college. The growth in the college entrance rate opened doors to higher education opportunity for 332,000 recent female high school graduates--and increase of 77 percent over 1960 opportunities.

Race and Ethnicity

The Bureau of Labor Statistics reports information on the college entrance rates for recent high school graduates who are white, black, and/or Hispanic. By deduction college entrance rates can also be calculated for Asians from these data, although small numbers limit the interpretation of these data in the CPS sampling design. These data portray the different college entrance experiences of recent high school graduates from different racial and ethnic backgrounds over the last 30 years.

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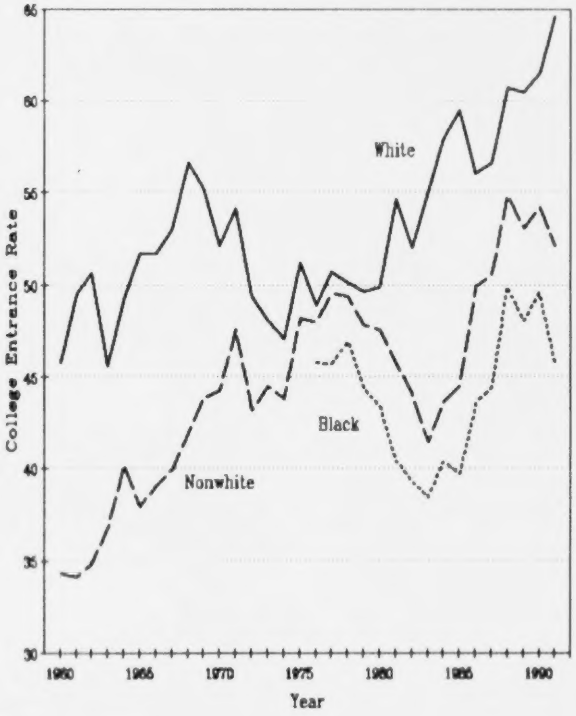
Whites: 1991 was a very good year for white high school graduates when it came to college entrance. By October of 1991 64.6 percent of them were enrolled in college, the highest college enrollment rate at any point since data were first reported in 1960. The 1991 rate was up sharply from 61.5 percent for 1990 which was also a record year.

The white college entrance rate has moved over a rather wide range since 1960. Nearly all of the *fluctuation* is the result of changes in the white male college rate due to the Vietnam War and the labor market return on a college investment decision compared to a labor market entry with a high school diploma. Virtually all of the *growth* is the direct result of enormous gains in college entrance rates for white women high school graduates.

College Entrance Rates for White, Nonwhite and Black
Recent High School Graduates
1960 to 1991



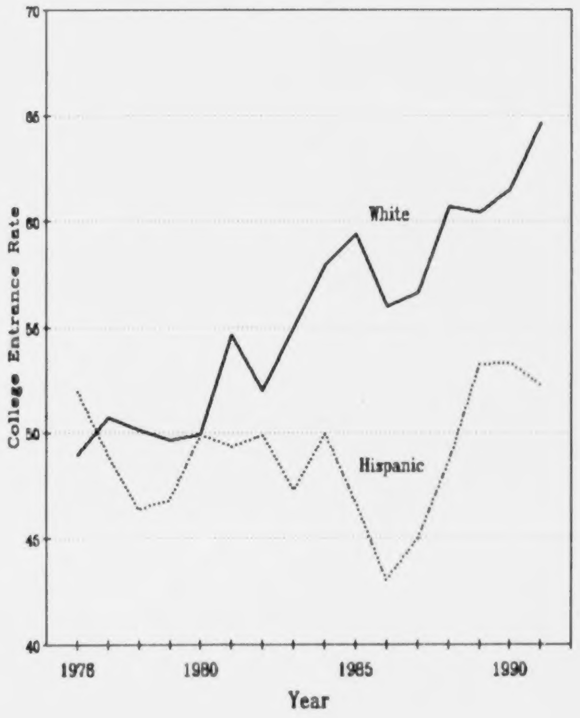
Blacks: 1991 was not an especially good year for black high school graduates with respect to college entrance. By October 45.6 percent were enrolled in college. This is well below the rate for whites of 64.6 percent, and below the rate for blacks in 1990 and 1989.

The Bureau of Labor Statistics began reporting data on blacks in 1976, but had reported data on nonwhites since 1960. In 1976 blacks comprised about 92 percent of the nonwhite population of high school graduates (this has dropped to 78 percent by 1991), so the nonwhite data between 1960 and 1975 closely approximates the trends in college entrance rates experienced by blacks prior to 1976.

Apparently black recent high school graduates experienced significant growth in college entrance rates between 1960 and about 1977-78. During this period rates increased from about 34 percent to over 45 percent. But between 1978 and 1984 rates dropped back to a low of 36 percent in 1982. After 1986 black college entrance rates increased again until the 1990s when they have dropped once again and now stand about where they did twenty years ago.

Hispanics: The available Hispanic data since 1976 from BLS are best described as erratic and unstable, due at least in part to the sampling size problem of the CPS for relatively small demographic groups in the population. In the following chart we have smoothed the published data to a moving three year average, to help highlight significant trends in the data and obscure confusing and misleading statistical noise. The results are a fair approximation of what is actually occurring in the high school to college transition for young Hispanics.

College Entrance Rates for White and Hispanic
Recent High School Graduates
1976 to 1991



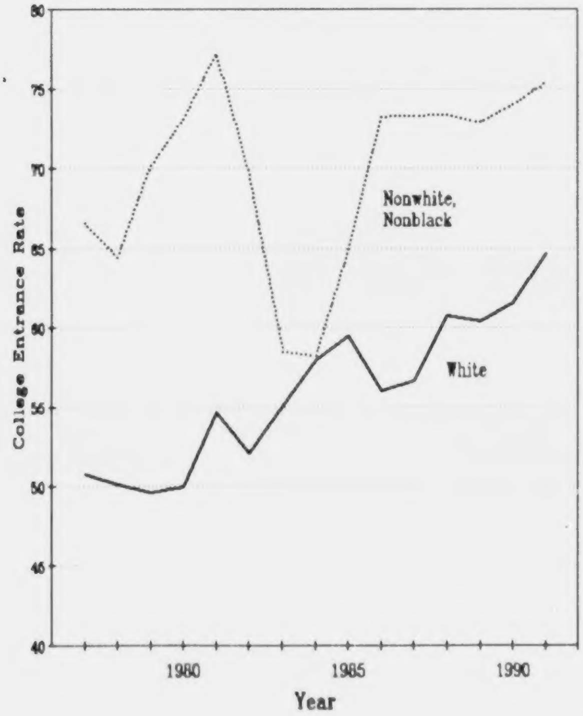
The college entrance experience for recent Hispanic high school graduates has shown improvement since the mid-1980s, up from about 43 percent in 1986 to 52 percent in 1991. But since 1976 little growth in the rate is evident, especially when compared to the white population during this same period.

The conclusion that Hispanics are falling farther behind whites is inescapable in these data. We may illustrate this as follows. In October of 1991 there were about 88,000 Hispanic high school graduates from the class of 1991 enrolled in college. However, if Hispanic college entrance rates had increased at the same rate as had the rate for whites since 1976, there would have been about 24,000 more Hispanic freshmen enrolled in college in 1991 than there were.

Nonwhite, Nonblacks (Asians)

The Bureau of Labor Statistics does not report directly on the college entrance experience of smaller racial and ethnic groups of Americans due to the small numbers problem in Current Population Survey sampling. However, these numbers may be deduced from the published data. Technically these individuals may only be referred to as nonwhite and nonblack. For our purposes this means Asian.

College Entrance Rates for White and Nonwhite, Nonblack
Recent High School Graduates
1977 to 1991



This nonwhite, nonblack population is a rapidly expanding portion of the total population of recent high school graduates, particularly with the influx of Asian immigrants. In 1976 this group comprised just 0.9 percent of the population of recent high school graduates. By 1991 they comprised 3.9 percent of this population.

The college entrance rates for recent nonwhite, nonblack high school graduates are shown in the figure in the preceding column for the fifteen year period between 1977 and 1991. Again, we have used the curve smoothing technique of a moving three year average to remove statistical noise and to highlight the important underlying trend to the data. The results are striking: here for the first time are college enrollment rates well above those for whites. Since the mid 1980s the college entrance rate for nonwhite, nonblack high school graduates has averaged about 73 percent, compared to about 60 percent for whites.

Summary of Findings and Conclusions

The Bureau of Labor Statistics data provide important and quite current information on the transition from high school to college for different demographic groups over the last three decades. These data are especially important in that they anticipate undergraduate collegiate enrollments--especially four-year--by these same total and demographic divisions of the population 2 to 3 years from now.

What these data describe and predict are conditions ranging from success to concern. Clearly these data forecast continued strong growth in female enrollments in higher education for the next few years. The progress made by women over the last 30 years is unmatched by any other demographic group. And if anything the rate of increase in the college entrance rate for recent female high school graduates appears to be accelerating.

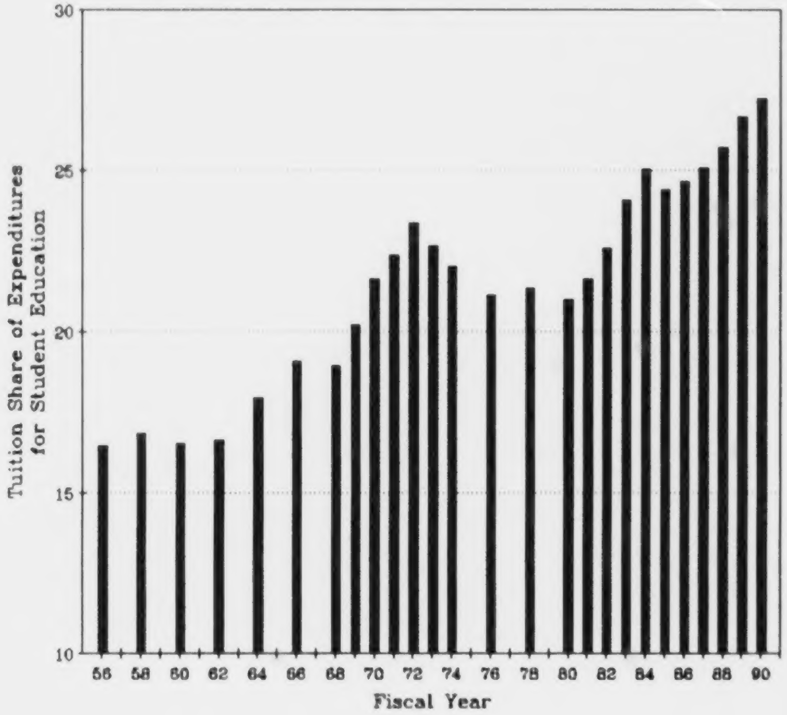
At the same time these data suggest that male college enrollments will follow the size of the high school graduate population downward for the next few years at least. College entrance rates for males have been flat since 1985. This, combined with an 11 percent decline in the population of male high school graduates since 1985, will lead to a similar decline in male college enrollments when lags in effects are built into undergraduate enrollment forecasts.

Similarly, the picture for blacks and Hispanics is not as favorable as it is for whites and Asians. The decline in the populations of blacks and Hispanics, combined with stable to declining college enrollment rates will probably lead to declining enrollments by these groups in undergraduate higher education during the next few years.

Financing Higher Education Opportunity:

Tuition's Share of Expenditures for Student Education in Higher Education Rose Sharply During 1980s

Tuition Share of Expenditures for Student Education
in Public Higher Education Institutions
1956 to 1990



Students who paid for their higher educations during the 1980s without financial aid paid a steadily larger share of the costs of their own educations, according to published and unpublished finance data collected by the National Center for Education Statistics (NCES). This was true for students enrolled in both public and private higher education institutions, and appears to extend a trend that has been under way in higher education for more than 30 years.

The data analyzed for these findings have been collected and reported in various forms by the federal government at least since 1920. These data are currently collected in the Integrated Postsecondary Education Data System (IPEDS) and published by NCES. Extraordinary problems in data comparability over time suggest that data analyzed here prior to FY1976 be considered as estimates.

In these analyses cost of education includes what institutions report spending on instruction, student services, and scholarships and grants, plus the fraction of academic support, institutional support, physical plant operations, and mandatory transfers represented by instruction's share of the sum of instruction, research, and community service. This formula apportions these secondary costs in proportion to the institutional focus on instruction in relation to research and community service commitments.

Public Higher Education

In FY1990, the most recent year for which data are available, institutional revenues from tuition covered a record 27.3 percent of the costs of educating a student in U. S. public higher education. This was up from 21.0 percent in FY1980, and an estimated 16.7 percent in FY1962. Recent budget actions in the states--large tuition increases, smaller state funding growth directly to institutions--suggest this trend toward greater public institutional reliance on tuition to support the higher education of students will likely continue into the 1990s.

In some states this process appears to reasonably well understood. A recent headline in the Minneapolis *Star Tribune* stated: "U students pay more as state pays less, budget burdens being shifted." The same story went on to say: "University of Minnesota students will be hit this fall with a tuition increase averaging 15 percent - the largest in a decade - because they are shouldering more and more of the university's general budget while the state carries less and less. Viewed from another angle, the increase could be attributed to the university's reluctance to go beyond a certain point in damaging its staff and programs in these times of tight public money. Officials are cutting the budget about 6 percent, but don't want to cut enough (10 percent) to avoid a tuition hike. Further they want to give the staff a pay raise of 6 percent rather than keep pay frozen for a second year and risk wholesale departures and loss of morale."

Tuition Coverage by State

The proportion of expenditures for student education that were covered by revenues from tuition and fees in public institutions varied widely between states in FY1990.

Among the states, the proportion ranged from a low of about 14 percent in the state famous for its low tuition--California--to a high of over 70 percent in the state famous for its high tuition--Vermont. In 1989-90, resident undergraduate tuition and/or required fees in public universities in California were $1673, according to the State of Washington Higher Education Coordinating Board. In Vermont, by contrast, tuition and fees in public universities were $3980.

Measured against the national average of 27.3 percent in FY1990, 31 states collected tuition and fees that covered a larger share of expenditures for student education, 18 collected less, and one--Kentucky--collected at the national average.

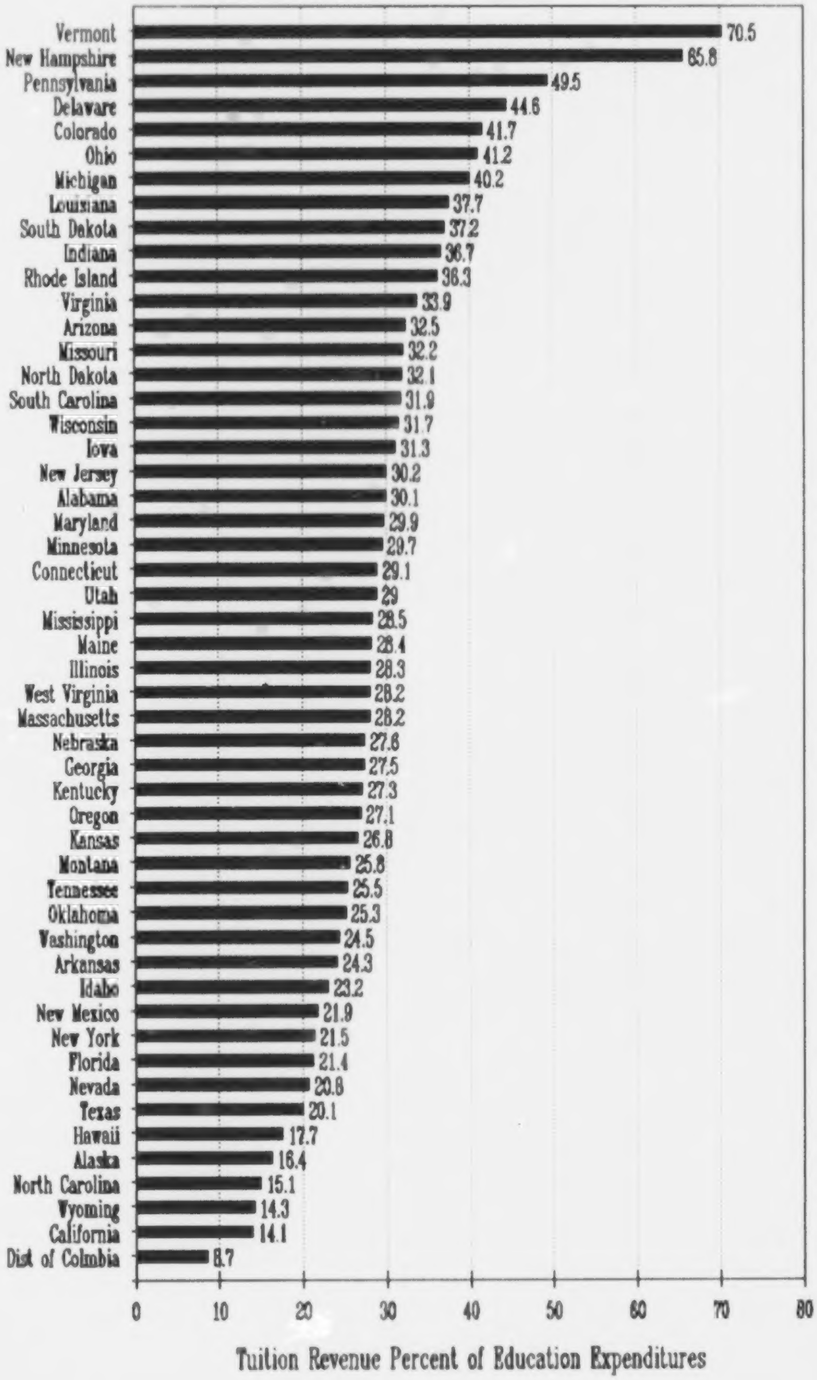
Private Higher Education

Calculated in the same manner, in FY1990 student tuition covered a record 71.5 percent of the expenditures for educating a student in private higher education. This was up from 66.6 percent in FY1980, and an estimated 55.1 percent in FY1962. As in public higher education, tuition revenues are growing faster than private institutional expenditures on student education.

Causes of the Shift

The shifting sources of revenues for financing student education in public higher education are a direct reflection of shifting budget priorities in the

Tuition and Fee Coverage of Expenditures for Student Education in Public Higher Education by State, 1989-90



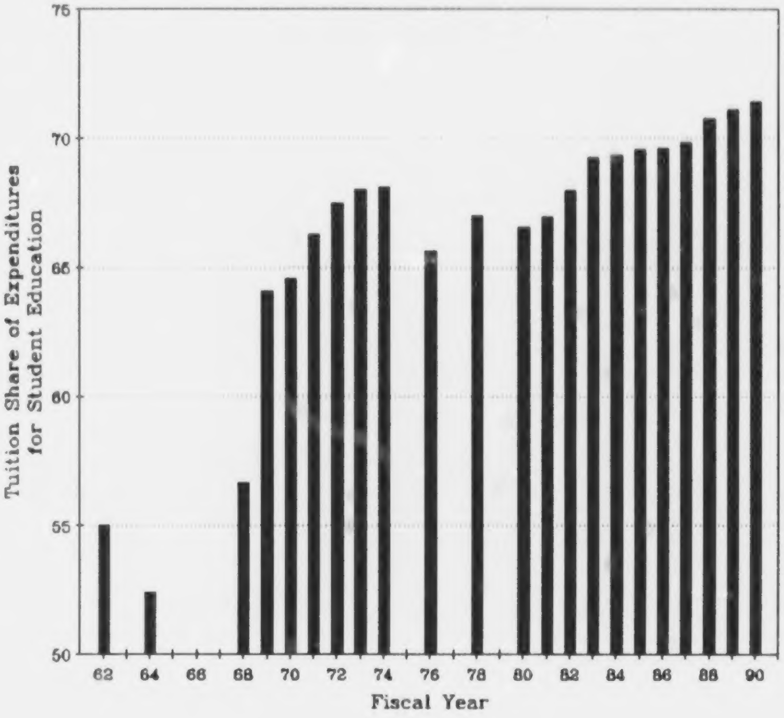
states (previously reported in OPPORTUNITY #1). These include growth in state budget shares allocated to interest on general debt, corrections, housing/urban renewal, solid waste, public health and hospitals, public welfare, and other functions.

But they are also a reflection of institutional concerns for preserving enrollment capacity and quality of program opportunities for those students institutions choose to admit.

With respect to the public policy interests served by fostering higher education opportunity, adequate revenues for institutions to preserve capacity and quality are absolutely essential -- but not sufficient to assure access to those opportunities.

Higher education opportunity also requires adequate and appropriate financial aid to help students from families with limited resources to finance these rapidly escalating college attendance costs. These issues will be addressed in future issues of this newsletter.

Tuition Share of Expenditures for Student Education
in Private Higher Education Institutions
1962 to 1990



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Editor's Letter:

Thank you for your strong support for the launching of this newsletter. The problem of diminishing postsecondary education opportunity for vulnerable populations is likely to get worse before it gets better. I intend that this newsletter will continue to draw attention to what is occurring in the redistribution of opportunity in the United States, and what can and should be done to address the many problems where they occur.

By now you may have noticed that this newsletter is not copyrighted. That is a deliberate decision on my part to encourage dissemination of the findings and conclusions reported in these pages. I encourage you to use charts or other information from this newsletter. If you want copies of these charts on 8 1/2 x 11, please call and I will work with you for a small charge.

Please share your comments and reactions with me. I will need your feedback to keep the contents focused on useful information. I would also appreciate your sending along newspaper stories on how well the opportunity system is working--or not working--in your states.

The next issue of the newsletter will appear in September. The contents will be expanded from the current 8 page format to twelve. There is much more to report than I have been able to squeeze into this format. The issue and the materials that cover it deserve more space. And I want to add a research abstracts section to report who is doing what kinds of policy work on the many facets of providing paths to productive, responsible futures for young Americans. See you in September.

Postsecondary Education OPPORTUNITY
P.O. Box 127
Iowa City, IA 52244

Postsecondary Education OPPORTUNITY

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 6 **Iowa City, Iowa** **September 1992**

As the New School Year Begins . . .

Things Go from Bad to Worse

The assault on postsecondary education opportunity for students that began in 1991 continued in 1992 as the recession persists. Of course opportunity will not be affected for those who were born into fortunate circumstances--largely affluent, white or Asian, and female. Rather, those populations that by accident of birth were born into circumstances that leave them vulnerable to the weaknesses of our economic and political systems are bearing the brunt of these decisions. At best this should be called clumsy policy making at the federal and state levels. At worst it is myopic tunnel vision. Mostly it's the continuing recession that magnifies the worst in public policy making.

Among the recent examples of public policy decisions that have, are, and will continue to curtail postsecondary education opportunity for vulnerable populations we catalog the following for future reference:

Federal

The feds have stumbled twice, despite often good intentions. The little people who are dependent on federal student financial aid will bear the brunt of the consequences.

First, the Pell Grant maximum award will be *reduced* from $2400 in 1992-93 to $2300 in 1993-94. The burden will fall on those least able to pay college costs at all. In the Pell Grant formula those with zero Pell Grant Indices come from poverty level family income backgrounds. Cutting the Pell Grant maximum for the poorest citizens imposes staggering barriers to postsecondary enrollment as their limited resources are by definition devoted to survival, not education.

Second, reauthorization of the Title IV federal student financial aid programs provides serious meat for complaints. In an attempt to respond to middle income families that are complaining loudly (and effectively) about difficulty paying for the college educations of their children, Congress decided to remove home and business equity from the resources deemed available to families to finance the college educations of their children. The hard evidence--published in **OPPORTUNITY** in April--is that college participation rates for students from middle income families are entering college at the highest rates in twenty years. Not so for students from poor families.

Poor families, of course, are least likely to have any home or business equity to assess toward the Expected Family Contribution of need analysis. The higher the family income, the more likely are home and business equity to be available to families to pay for the college educations of their children. So the removal of home and business equity from need analysis is--and was always intended to be--a middle income benefit. Middle income families will see a reduction in their Expected Family Contributions that will lead to a corresponding increase in their financial need.

So who pays for this increased financial need? Congress, of course, has no money (other than borrowed or reallocated) with which to fund this added financial need. Billions of dollars of financial need are created, but cannot be funded.

In the past this has meant that middle income eligibility added in the 1978 Middle Income Student Assistance Act and again in the 1986 Amendments was financed, in part, by reallocating funds previously provided for students from poverty level family income backgrounds. Congress took money that could have gone into increasing the Pell Grant maximum for the poorest students and instead used it to fund expanded middle income eligibility that it had created.

In addition, the downsizing of the military will further curtail postsecondary opportunities. The number of Army accessions is being reduced--from 120,000 in 1989 to 75,000 this year--and the cutoff score on the armed forces admissions test is being increased. We will report on this next month.

States

In the 1992 budget round states appear to have pursued the pattern adopted in 1991: imposing enrollment limits, and imposing large (huge?) tuition increases in public institutions but failing to cover these increases with increased student financial aid for the financial aid population. Both of these decisions deny opportunity.

The pioneering study of enrollment limits prepared by Judy Gill at the **Western Interstate Commission on Higher Education** (WICHE) that first appeared in February of 1991, then was updated in September of 1991, is out of date again as such limits have spread further throughout the west.

Enrollment limits are everywhere and no one has yet documented their extent, let alone their consequences for students who are presumably denied a place in postsecondary education. As of this writing, **California**--long the national leader in providing opportunity--still does not have a state budget. It looks like the almost free ride will be a casualty. We just hope that the many low income students served by this policy are protected by the large tuition increases that must certainly follow. Also, please no enrollment limits!

Institutions

Stories from the field suggest that some college financial aid officers are giving up trying to rationalize the current student aid system to students and their families. Award letters going out now may not report the college budget for the student, the Expected Family Contribution from need analysis, and the resulting financial need. Resources are inadequate to fund need, and rather than invite calls from upset parents trying to understand how the aid package offered by the college was determined, aid officers have begun offering a take-it-or-leave-it package without telling the family how it was decided. Wait until the reauthorized formula hits.

The **National Postsecondary Student Aid Study**, sponsored by the **National Center for Education Statistics**, shows that in 1987 unmet student financial need averaged about $500 per financial aid recipient. Unmet need has almost certainly grown since then. One can imagine that the beleaguered financial aid officer at the college level would not look forward to a parental challenge from every award letter sent out to prospective students.

The financial aid officer is not to blame--but inadequate funding ends up their problem to deal with as best they can. The problem is a direct result of student financial aid programs funded far short of the need presented by those who seek postsecondary opportunity but who lack the family resources to finance education without government help.

Some public institutions are also enrolling students for programs that the institutions lack resources to provide. Once admitted students who cannot sign up for courses they need fall behind in making expected progress toward graduation, sometimes switch programs to find available course slots, and always incur additional college attendance costs for themselves, their families, and their institutions.

This is an example of lack of institutional attention to the quality of the academic experience it offers to provide through its catalogs. Students are admitted to programs without faculty, without classrooms, and/or without the equipment needed to deliver the education or training promised in the catalogs and sought by students that enroll. It's a fraud on students that results from a confused institutional attempt to serve all students without standards for doing so. Students and programs require standards, and both require resources.

The Opportunity Imperatives

I have yet to find a comprehensive examination of our nation's problems that does not give highest priority to education among its remedies. The proposals give differing weights to education versus training, elementary/secondary versus higher, etc. But without exception these studies recommend that a greater proportion of the population receive more post-secondary education. No exceptions. National imperative.

Future issues of this newsletter will return to the economic, social, and political problems that expanded postsecondary opportunity is so central to solving.

Postsecondary Education
OPPORTUNITY
P.O. Box 127
Iowa City, Iowa 52244
Phone (voice/fax): (319) 351-4913

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Editor and Publisher
Thomas G. Mortenson
TIN: 470520190

Mission Statement
This newsletter is founded on two fundamental beliefs. First, sound public policy requires accurate, current, independent, and focused information on the human condition. Second, education is an essential key to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for all Americans.

Forward and Backward Equals Stuck:

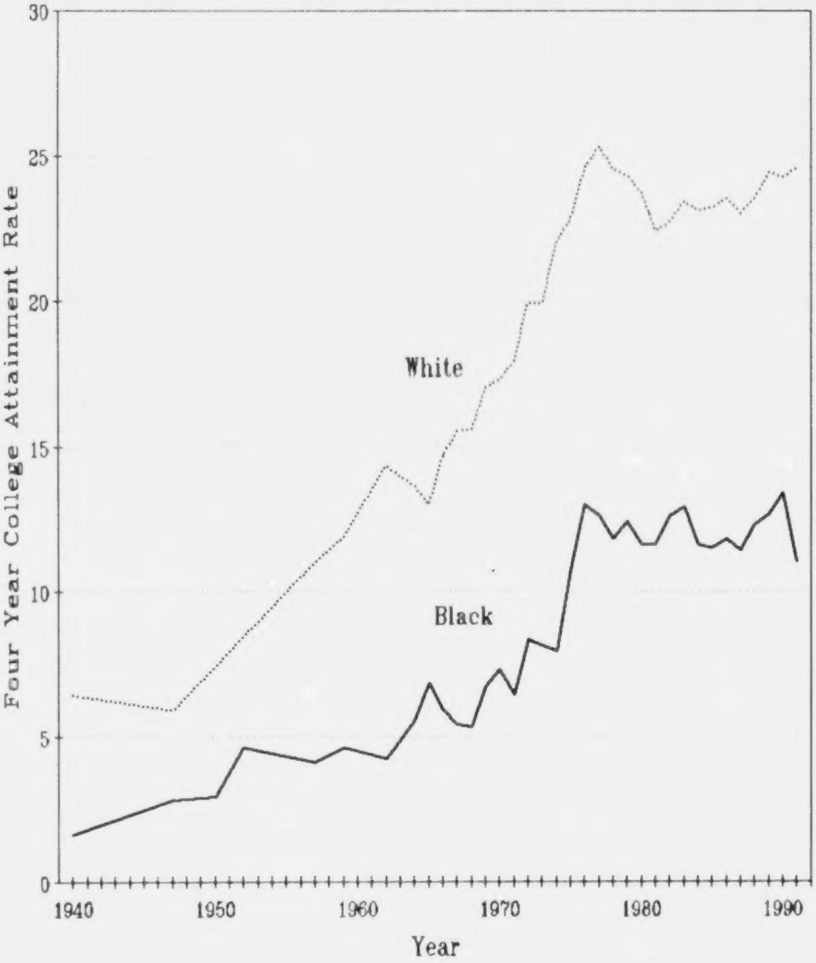
Blacks Make Progress in High School Graduation and College Access But Colleges Offset Gains with 25 Years of Declining College Completion

Blacks are half as likely as whites to complete four years or more of college by the time they are 25 to 29 years old. This relative position has persisted for the last 15 years, despite huge gains by blacks in high school graduation rates, academic test scores, and college entrance rates during this period of time.

How could this occur? How could blacks have made these gains, but show no progress in four-year college attainment? The answer is disturbingly simple: college completion rates for black high school graduates that enroll in college have declined, almost without interruption, for the last twenty five years. In effect higher education has offset the stunning gains made by blacks in both preparation for college and the transition from high school into college by allowing the college completion rate to decrease enough to offset the large gains made at the beginning of the college enrollment sequence.

These and other findings are gleaned from *Current Population Survey* data reported by the Census Bureau over the last several decades. In this study we examine both four-year college attainment and the three required steps that precede attainment: high school graduation, college entrance, and college completion. For reference comparable rates are also reported for whites over the same period.

Four-Year College Attainment Rates
for Blacks and Whites 25 to 29 Years
1940 to 1991



Four-year college attainment results from three prior steps:

1. High school graduation, then
2. College entrance, then
3. Four-year college completion.

Successful completion of all three steps by age 25 to 29 yields the four-year college attainment rate plotted for blacks and whites above.

For whites, the proportion of the population of 25 to 29 years olds that has completed four or more years of college was 24.6 percent in 1991, compared to 11.0 percent for blacks. The 1991 rate for blacks was the lowest since 1975 when it was 10.7 percent.

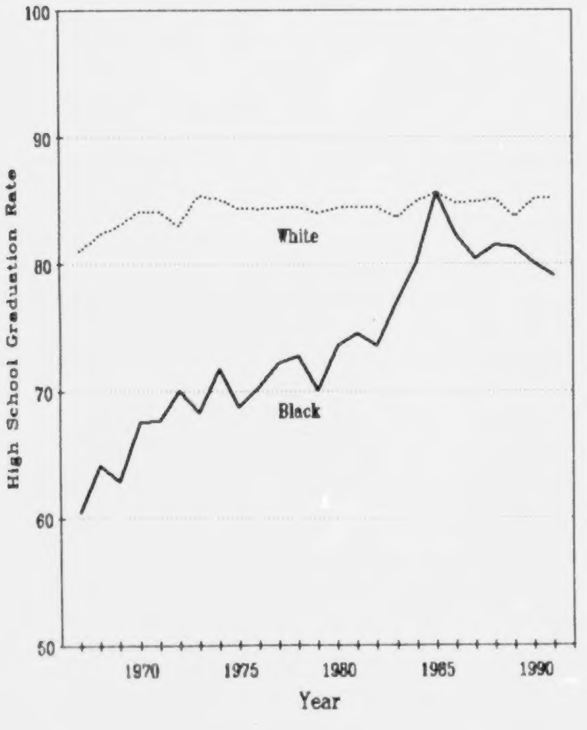
In this report we examine the experience of blacks and whites getting to the point of having completed four or more years of college by age 25 to 29. Separately, we examine high school graduation rates, college entrance rates for those who have graduated from high school, and completion of four years or more of college for those who enroll by the time they are 25 to 29 years of age.

High School Graduation

The chart below tells a striking story: huge gains in black high school graduation rates, compared to stable rates for whites, between 1967 and 1985. The chart tells more too: black high school graduation rates have been declining since 1985 while the rate for whites has held steady. These data are from the *Current Population Survey*, reported by the Census Bureau.

Overall the chart paints a promising picture, however, and shows progress. In 1967 the proportion of blacks age 20 and 21 years that had graduated from high school was 60.4 percent. By 1985 this rate had increased to 85.6 percent--the same rate reached by whites that year. Between 1967 and 1985, the high school graduation rate increased by 4.6 percent for whites, and by about 25 percent for blacks.

High School Graduation Rates
for Blacks and Whites 20 to 21 Years
1967 to 1991



The increase in black high school graduation rates over the last twenty five years is much more than simply quantitative growth. By a variety of measures, black high school graduates have shown significant improvement on standardized tests that measure academic readiness to undertake collegiate studies. These tests include the National Assessment of Educational Progress (NAEP), Scholastic Aptitude Test (SAT), and the ACT. A study of these test results conducted by Daniel Koretz at the Congressional Budget Office in 1986 concluded:

> *Recent years have seen a shrinking in the long standing differences between the scores of black and nonminority students on a variety of achievement tests... While the change has been small relative to the remaining gap between the minority and nonminority students, it has been consistent from year to year and could prove substantial over the long run... In general, it appears that the average scores of black students: declined less than those of nonminority students during the later years of the general decline [in test scores]; stopped declining, or began increasing again, earlier; and rose at a faster rate after the general upturn in achievement began.*
>
> - ***Trends in Educational Achievement****, Congressional Budget Office, April, 1986, pp. 74-75.*

College Entrance

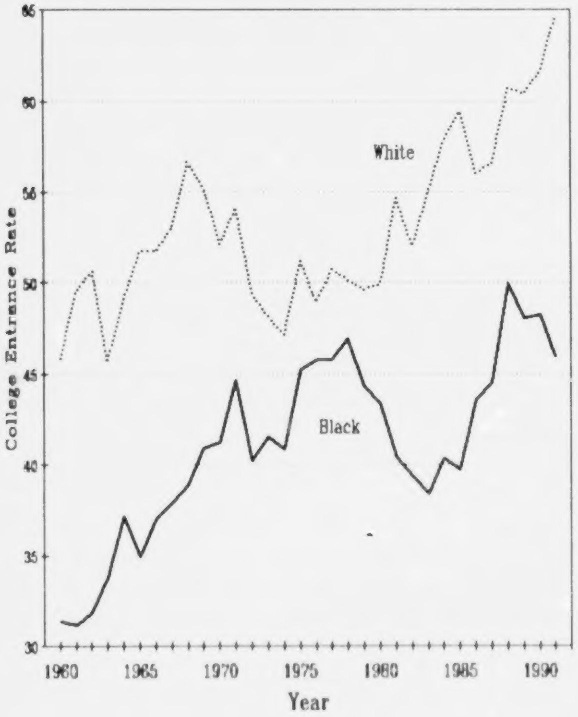
College entrance rates for recent black high school graduates have fluctuated sharply over the last three decades, but have generally trended upward. Data for the chart that appears on the following page comes from the *Current Population Survey* and is published by the Bureau of Labor Statistics. In this chart we have plotted a moving three-year average to emphasize the important trends and to de-emphasize statistical noise present in the sampled data.

In 1991 the college entrance rate for blacks was about 46 percent, compared to about 31 percent thirty years earlier. All of this gain was achieved between 1960 and 1978.

Between 1978 and 1983 about half the prior gain was erased. While college entrance rates were increasing for whites, they were dropping for blacks. While much was made of the Reagan rhetoric and the federal battles over student financial aid fought with Congress in 1981, in fact the decline had begun several years earlier.

The difference between the college entrance rates of black and white recent high school graduates closed to about 3 percent in the late 1970s. It then reopened in the mid 1980s, and appears to be reopening again in the early 1990s. By 1991 the gap between black and white rates was over 18 percent.

College Entrance Rates
for Black and White Recent High School Graduates
1960 to 1991



College Completion

The college completion rate used in this analysis is calculated from *Current Population Survey* data collected and reported by the Census Bureau. The rate is calculated by dividing the number of people age 25 to 29 years that have completed four or more years of college, by the number of people age 25 to 29 years that report any college. In this chart we have plotted a moving three-year average to highlight the basic trends in the data for blacks and whites and to obscure the statistical noise present in samples of data drawn from the population.

In 1991 the college completion rate for blacks was about 34 percent, compared to about 53 percent for whites. That is to say a black that enrolls in higher education has about one chance in three of completing four years or more of college by the time they are 25 to 29 years old, compared to a white's chances of better than one chance in two.

Over the last twenty-five years black college completion rates have declined almost steadily, while the rates for whites have edged upward over the same period. Because of the stunning implications of this chart, we present it on the following page at a larger size (hoping that readers will copy the chart to share it with others).

Herein lies the answer to the question why blacks have remained only half as likely as whites to have attained four or more years of college by age 25 to 29 for the last fifteen years: the gains in high school graduation rates and college entrance rates have been offset and erased by a steady and substantial deterioration in blacks' chances of completing four-years or more of college by age 25 to 29 once they enroll. Between 1964 and 1991 the four-year college completion rate for blacks decreased by more than 10 percent while it was increasing by about 3 percent for whites. The gains for whites occurred despite no gain in pre-college academic test scores. The losses for blacks occurred despite significant gains in such test scores.

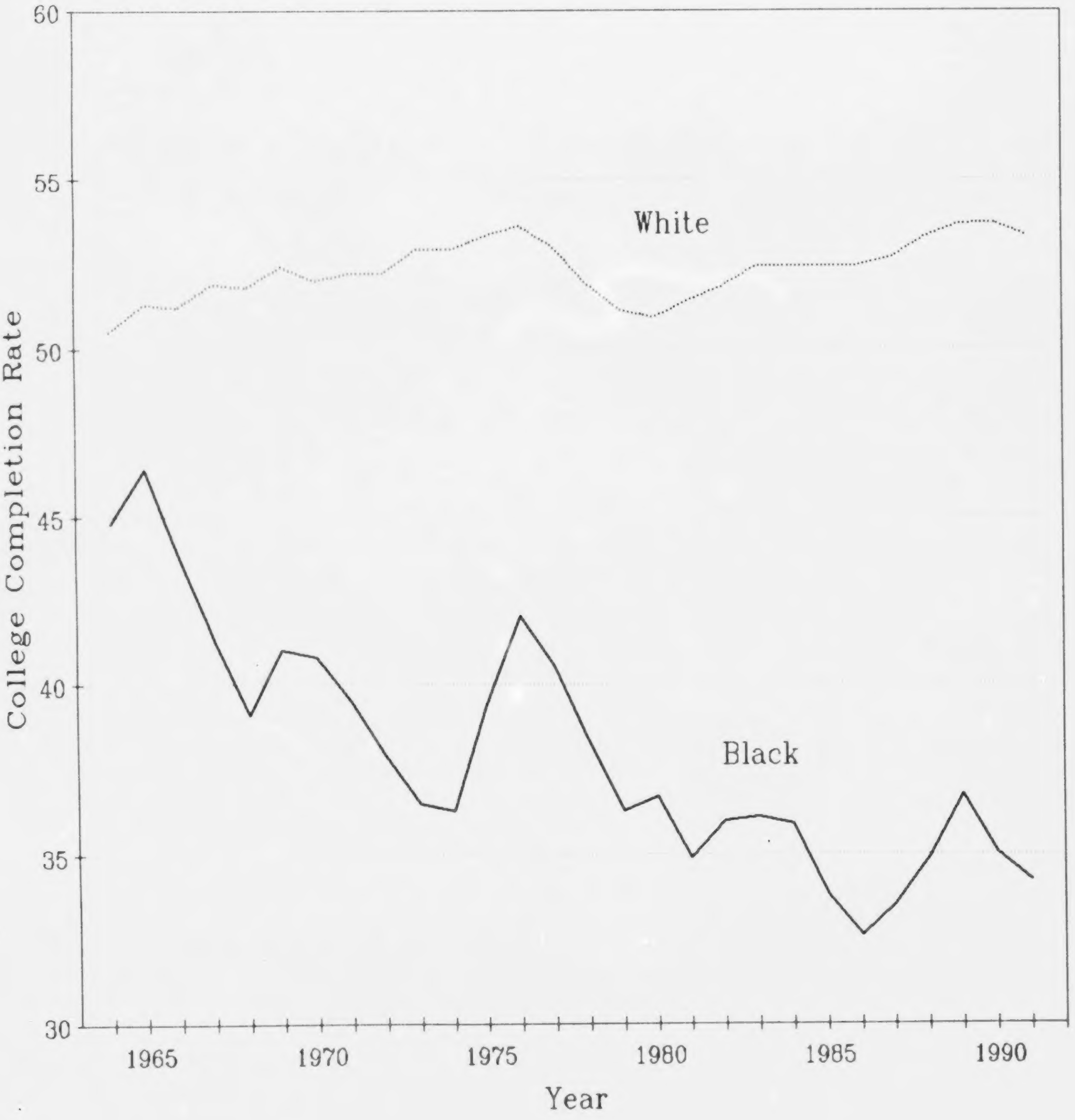
Conclusions

There are two separate time frames in which to consider the three components of four-year college attainment rates. Over the period of the last several decades, both high school graduation rates and college entrance rates have peaked quite recently for blacks. Despite recent problems, these trends are both positive with respect to improving educational opportunities for blacks.

Exactly the opposite is true for four-year college completion: the peak in four-year college completion rates for blacks occurred in 1965. Since then this rate has declined steadily and substantially. (The calculated four-year college completion rate--with the moving three-year average removed--was lower in 1991 than it had been any time during the 28 years of reported data.) Higher education as a system has effectively offset all of the gains made in college preparation and access made by blacks over the last two to three decades.

The more recent trends in educational progress for blacks are all negative. High school graduation rates for blacks declined steadily and substantially after 1985. College entrance rates for black recent high school graduates peaked about 1988 and have been dropping the last three years. Four-year college completion rates reached their lowest level in 28 years in 1991. With all three working against educational attainment for blacks, declining four-year college attainment for the foreseeable future is certain for blacks. The opposite is true for whites. The attainment gap will widen for years to come.

College Completion Rates for Blacks and Whites Age 25 to 29 Years 1964 to 1991



Measuring College Affordability

One of the most difficult tasks faced by those who make public policy regarding postsecondary opportunity for young people is deciphering the complaints of parents regarding the ever higher costs of sending their children to college. For some parents paying for college is truly a challenge, while for others it is more a matter of inconvenience made worse by the sudden transition from free secondary education to expensive higher education.

There are at least four approaches to this question. The first is purely political: respond directly to voter/citizen/parent complaints and adjust tuition rates, appropriate funds, and/or--as Congress did in reauthorization--change need analysis to appear to reduce the expected parental contribution.

But there are more analytical and empirical ways to approach the question of college affordability. One of these is the reason this newsletter always provides an enrollment analysis in each issue: simply look at the bottom line of enrollment to see who is succeeding and who is not in the national system of educational opportunity. Generally women, Asians, 18 to 24 year olds, and the affluent are doing very well. Men, blacks, Hispanics, those 25 and over, and those from the family incomes below about $20,000 are not doing well at all. Another empirical approach involves complex econometric modeling of the many influences on student demand for higher education to measure the separate effects of each influence, including such policy variables as tuition rates, financial aid, geographical locations of campuses, etc.

Here we examine a fourth approach to college affordability: the relationships between family income, expected family contribution from need analysis, and college attendance costs. This approach avoids the messiness of reality with its variable perceptions and perspectives. Instead, a uniform set of standards and expectations is applied to all similarly situated cases. Given a college and a residence while enrolled, college attendance costs are fixed. Given a set of family circumstances, an expected family contribution is calculated. The difference between college attendance costs and the expected family contribution is financial need, if any. This need then becomes the basis for packaging a mix of gifts, loans, and earnings to finance the student's year of postsecondary education.

In the following analysis, we focus on the traditionally defined components of determining financial need, namely college attendance costs and the expected family contribution from need analysis. The concept of financial need is straightforward:

Attendance Costs
- Expected Family Contribution
= Financial Need

Here we will use traditionally defined measures of college attendance costs and the expected family contribution for dependent students to measure affordability. (For purposes of this analysis we will set aside our long standing and previously reported concerns about omitted college attendance costs and arbitrary and unreasonable family contribution expectations for students from low income family backgrounds. See: "Financial Aid Problems for Dependent Students From Low Income Families," *NASFAA Journal of Student Financial Aid*, Fall, 1991.)

College Attendance Costs

In traditional financial aid, college attendance costs include *direct costs* of attendance, such as tuition, fees, books, and supplies, which are incurred by the student only when he/she attends college, and *indirect costs* such as food, housing, transportation, and other living costs incurred while the student is attending college. These costs vary substantially by level and control of institution, from one state to another, and by where the student lives while attending college, such as at home, on campus, or off campus. For this analysis we will use national average college attendance costs for the 1991-92 academic year as reported by 1102 institutions to ACT.

National Average Nine Month Student Budgets
1991-92 Academic Year

	Public Colleges			Private Colleges			Proprietary		
	Community College	Bachelors Only	5 Years or More	Junior College	Bachelors Only	5 Years or More	LT 1 Year	1 Yr But LT 2	2 Yrs but LT 3
Reporting Institutions	334	55	155	86	263	122	34	35	18
Student Budgets									
A. Tuition & fees									
1. In state resident	$936	$2048	$1873	$3720	$7249	$8047	$3706	$4450	$4591
2. Non-resident	2525	4824	4965	3831	7272	8085	3706	4450	4591
B. Books & supplies	489	490	503	539	507	527	455	511	553
C. Food, housing, transportation, personal & medical care, etc.									
1. Live at home	3380	3653	3600	3737	3714	3658	3556	4360	3697
2. Live on campus	4694	5411	5141	4607	5178	5424	6330	6530	5361
3. Live off campus	5873	6190	5867	7026	6112	6417	6088	7346	6637
Total Student Budgets									
A. In state, at home	4805	6191	5976	7996	11,470	12,232	7717	9321	8841
B. In state, on campus	6119	7949	7517	8866	12,934	13,998	10,491	11,491	10,505
C. In state, off campus	7298	8728	8243	11,285	13,868	14,991	10,249	12,307	11,781
D. Non-res, on campus	7708	10,725	10,609	8977	12,957	14,036	10,491	11,491	10,505
E. Non-res, off campus	8887	11,504	11,335	11,396	13,891	15,029	10,249	12,307	11,781

For the 1991-92 academic year (nine months), a year of direct and indirect costs ranged from a low of $4805 for a student living at home and attending the local public community college, to a high of $15,029 for a student living off campus while attending a private university.

Tuition and fee costs faced by students vary primarily by institutional control (public compared to private), and for public institutions by whether the student is a state resident or non-resident. For 1991-92 they ranged from $936 at public two-year colleges, to $8085 at private universities.

Costs for *books and supplies* varied little by institutional control and averaged about $500 for all students.

The *maintenance allowance* covers expenses for food, housing, transportation, personal and medical care, and other living costs while attending college. These costs varied relatively little by institutional control, and most by location of housing while attending college. They were least for those living at home where they averaged about $3700 per year. Costs were greatest for those living in off-campus housing, where they averaged over $6000.

Expected Family Contribution

In need-based student financial aid, the student and his or her parents have the first obligation to finance the above college attendance costs faced by the student, to the extent that they have income and assets that can be fairly taxed to do so. (This approach is precisely the opposite of that taken by states that view financing higher education opportunity as first a state responsibility, then the responsibility of students and their families, without regard to each families' abilities to pay college attendance costs. This approach is shifting gradually in the states, and has proceeded further in some states than in others. But on average only about 6 percent of state higher education budgets are devoted to need-tested student financial aid.)

Need analysis makes a formula-driven assessment against reported family income and assets to determine an expected family contribution (EFC) toward the financing of the college attendance costs of the student. This system is similar to the progressive federal income tax system, but includes assets and more income, and makes more generous and additional allowances against income than does the tax formula.

The need analysis formula makes four separate assessments: student income/minimum summer savings and assets, and parents' income and assets. The separate contributions from each are summed to produce the total expected family contribution to finance the student's year in college.

National averages for about 79,000 randomly drawn ACT financial aid filers are shown in the top table on this page. This is a 10 percent random sample of ACT financial aid filers for the 1991-92 academic year from applications received between January 1 and July 19, 1991.

The results show the strong relationship between family income and expected family contribution that one would expect of a system designed to determine a family's ability to contribute toward the college attendance costs of their own children. As income goes up, so does the expected family contribution both in total as well as from each of the four contributors to the family total.

Financial Need

The difference between college attendance costs and the expected family contribution is financial need.

Average Expected Family Contributions by Income Level 1991-92 Academic Year

	Average Contributions from:				Total
Family Income	Student Income	Student Assets	Parents Income	Parents Assets	Family Contrb.
$0-5999	$1105	$69	$0	$115	$1289
6000-11,999	1467	50	0	64	1581
12,000-17,999	1645	76	29	86	1835
18,000-23,999	1784	127	252	113	2276
24,000-29,999	1885	153	728	135	2900
30,000-35,999	1902	180	1329	271	3681
36,000-41,999	1942	202	2094	467	4705
42,000-47,999	1958	219	3062	547	5786
48,000-53,999	2058	260	4190	758	7267
54,000-59,999	2018	304	5425	932	8679
60,000-65,999	2089	342	6699	1017	10,148
66,000-71,999	2135	393	7986	1105	11,620
72,000-77,999	2178	394	9063	1694	13,329
78,000-83,999	2637	521	10,027	1530	14,715
84,000-89,999	3531	666	11,403	2174	17,774
90,000-over	7871	738	24,678	2912	36,200

Average Financial Need by Family Income at Different College Attendance Costs 1991-92 Academic Year

Family Income	Community College Living at Home	Public University Living off Campus	Private College Living on Campus	Private University Living off Campus
$0-5999	$3516	$6954	$11,645	$13,702
6000-11,999	3224	6662	11,353	13,410
12,000-17,999	2970	6408	11,099	13,156
18,000-23,999	2529	5967	10,658	12,715
24,000-29,999	1905	5343	10,034	12,091
30,000-35,999	1124	4562	9253	11,310
36,000-41,999	100	3538	8229	10,286
42,000-47,999	-981	2457	7148	9205
48,000-53,999	-2462	976	5667	7724
54,000-59,999	-3874	-436	4255	6312
60,000-65,999	-5343	-1905	2786	4843
66,000-71,999	-6815	-3377	1314	3371
72,000-77,999	-8524	-5086	-395	1662
78,000-83,999	-9910	-6472	-1781	276
84,000-89,999	-12,969	-9531	-4840	-2783
90,000-over	-31,395	-27,957	-23,266	-21,209

The table on the bottom of page 9 shows the difference between college attendance costs and the expected family contribution at different family income levels for different types of higher education institutions and living places.

For example, in 1991-92 a public university undergraduate living off campus faced college attendance costs of $8243. At a family income in the range of $30,000 to $36,000 per year, the average expected family contribution was $3681, leaving a financial need of $3538 to be met with financial aid.

Students from families with incomes of less than $30,000 per year had lower expected family contributions, and hence higher financial needs. At $18,000 to $24,000 per year, for example, the average expected family contribution was $2276, leaving a financial need of $5967 to be met with financial aid.

Similarly, at high levels of family income the expected family contribution was greater and financial need was less. At $48,000 to $54,000 family incomes, families were expected to provide an average of $7267, leaving a financial need of $976.

Above about $54,000 in family income, the calculated average financial need for a dependent student attending a public university and living off campus becomes negative. That is, on average students are no longer financially needy above this income level. In fact they can contribute more than they are expected to under the current system of financing public higher education, but are not asked to do so.

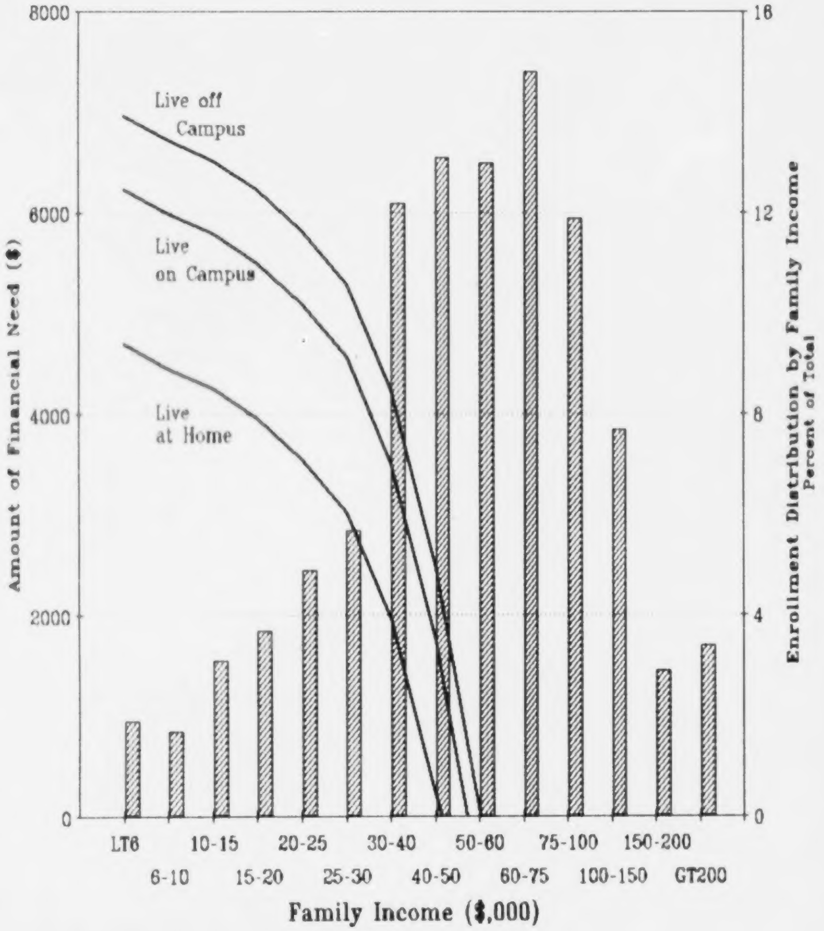
The point at which students no longer show financial need depends on many factors, all of which are contained in the factors that determine college attendance costs and the expected family contribution. However, using *average* student budgets and *average* expected family contributions at different family income levels, we can *approximate* the family income levels above which students are no longer financially needy. Under the living arrangements assumed in the table at the bottom of page 9, they are:

Community college	$38,000
Public university	$52,000
Private college	$70,000
Private university	$80,000

Enrollment Distribution

We may extend this analysis of college affordability by comparing the distribution of college freshmen enrollments by family income with the distribution of financial need by family income. The figure below does so for public university first-time, full-time freshmen using data collected by the University of California at Los Angeles and the American Council on Education. These data were reported in *The American Freshman: National Norms for Fall 1991*, by Alexander Astin and his colleagues at UCLA.

Distribution of Financial Need and
Public University Freshmen by Family Income Levels
1991-92



Need for financial aid to pay college attendance costs is clearly greatest for those from lowest income family backgrounds, and decreases with higher levels of family income. Financial need is greatest--at $6954--for those from family incomes of zero to $5999 per year who live off campus. Because student budgets are less for those who live on campus and for those who live at home, financial needs can be less.

Financial need drops to zero for those who attend public universities at about $46,000 of family income for those freshmen who live at home, at about $52,000 for those who live on campus, and at about $55,000 for those who live in off campus housing. Students from families earning more than these cut-off levels are generally not eligible for need-based student financial aid. Special circumstances, such as above average tuitions or more family members enrolled in college, would yield higher income cutoffs.

At public universities, on the average, 49 percent of first-time, full-time freshmen showed financial need to pay college attendance costs for the 1991-92 academic year. About 51 percent were not needy. Because their needs were negative (family contributions exceeded student budgets), these families displayed capacity to pay higher costs without financial aid under the formulas used to determine eligibility for need-based student financial aid.

At public community colleges, assuming the freshman lives at home, about 53 percent are financially needy. At private universities about 59 percent are needy, and at private four-year colleges about 69 percent are needy. Among all institutional types and controls, public university freshmen stand out as having the smallest proportion of financially needy freshmen.

State Reports . . .

New York's Tuition Assistance Program is the grandaddy of all state student grant programs. In 1991-92 between 300,000 and 310,000 students received $492,000,000 through TAP. This program alone accounted for 27 percent of all need-based grant dollars awarded by states to undergraduates in 1991-92.

But TAP is struggling, both because of the recession's effects on New York's revenues and because of program "enrichments" legislated in 1988. The enrichments were designed to boost the maximum grant from $2850 to $4125 and expand income eligibility limits to higher family income levels over a five-year period. State revenue problems have slowed implementation, causing reductions in maximum awards to students from those authorized in the 1988 enrichment legislation. Currently the maximum TAP award is $4050 with 1992-93 freshmen limited to $3575.

Currently TAP is projected to cost $509,700,000 in 1992-93, although this could go higher because TAP grants are treated as entitlements in New York budgeting. Some announced awards have been reduced in the past with award reductions along the line of flat amounts, e.g., $100 off every student's grant.

New York's budget problems have also caused a delay in implementation of the much discussed Liberty Scholarship Program. Originally scheduled for implementation in 1991-92, then delayed until 1992-93, it has now been deferred to 1993-94.

The **Minnesota Private College Council** reports that aggregate unmet financial need for all Minnesota students applying for state financial aid reached $370,000,000 in FY1991. This was up almost 50 percent from FY1986. The figure was derived by comparing the combined total cost of attendance for students in both public and private sectors with the total amount of state and federal grant dollars awarded to those students. During this period of time there was a 25 percent decline in financial aid applications from students with family incomes of under $30,000 in Minnesota.

The **Vermont Student Assistance Corporation** reports a finding similar to Minnesota's. The average percentage of educational charges at Vermont public institutions covered by the combination of VSAC Grant, Pell Grant, and expected parental contribution has dropped from 64.5 percent in fiscal year 1980, to 49.6 percent in fiscal year 1990, to 42.4 percent in fiscal year 1992. VSAC also reports that the rate at which Vermont high school graduates went on to postsecondary education in the fall following high school graduation peaked in 1988 at 63.9 percent, then dropped to 62.5 percent in 1990. Until 1990, the Vermont rate--like the national rate--had been rising steadily for more than a decade.

The **Illinois Student Aid Commission** is struggling to accommodate a ten percent increase in state grant applications for the 1992-93 award year. ISAC was treated well in appropriations compared to other state agencies: 30 percent of the funds generated by the public institution tuition increase were allocated back to ISAC to be paid out in increased Monetary Award Program grants to students affected by that increase.

But a record increase in the number of Illinois state grant applicants was not funded. The appropriation was designed to cover 110,000 awards, but ISAC staff estimate that about 140,000 applicants would qualify were funds available. As a result, ISAC is considering suspension of processing and spring term grant reductions.

One ISAC commissioner is recommending that students begin economizing immediately to live within a reduced college budget this year because of the expected reduction in announced state grant awards. Financial aid administrators are concerned about the confusion caused students by trimming their grants once the students have been notified.

Earlier this year the state reduced appropriated funds by $5,000,000, causing an average reduction of $110 mid-year in awards announced for 1991-92.

As this newsletter goes to press, the **California Student Aid Commission** has no appropriation for student aid grants for the 1992-93 school year. The likely appropriation is not expected before mid-September. At that time CSAC expects its appropriation for the Cal Grant and other programs it administers to be cut by 15.2 percent or $25,000,000 from prior year levels. Although the legislature and governor are in disagreement over student aid funding, the governor retains line-item veto authority over appropriations and is likely to prevail, according to CSAC officials.

Among the programs to be cut is the Cal Grant B program. This program is targeted on the very poor, with grants awarded on the bases of income and family size. All awards are to be reduced 15.2 percent, including those going to the neediest students. That means that the neediest students will make the greatest sacrifices in grant reductions. CSAC will make the same number of awards in 1992-93 as they did in each program for 1991-92, and then reduce all awards by the same percentage of 15.2 percent. That means those qualifying for the largest awards will lose the largest amount of grant aid, and those qualifying for the smallest awards will lose the smallest amount of aid.

The backdrop for these cuts is very large tuition increases in California's public universities. In the University of California, for example, mandatory fees went up by 37 percent in FY1992, and went up another 22 percent for FY1993. In the state universities mandatory fees increased 17 percent last year and 35 percent this year. Although low by the standards of most other states, these are huge tuition increases by California standards. And while many students can certainly afford them, those who are receiving financial aid cannot.

We hope that someone is monitoring the consequences for postsecondary education opportunity when tuition is raised (substantially) and student financial aid is cut (substantially). The burden of the state's fiscal problems funding higher education is being borne disproportionately by those from lowest family income levels. California, we think, is retreating from its historic commitment to postsecondary opportunity for all of its citizens. We think the governor and legislature could have done much better for Californians.

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Postsecondary
Education **OPPORTUNITY**

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 7 **Iowa City, Iowa** **October 1992**

Curtailing postsecondary opportunities . . .

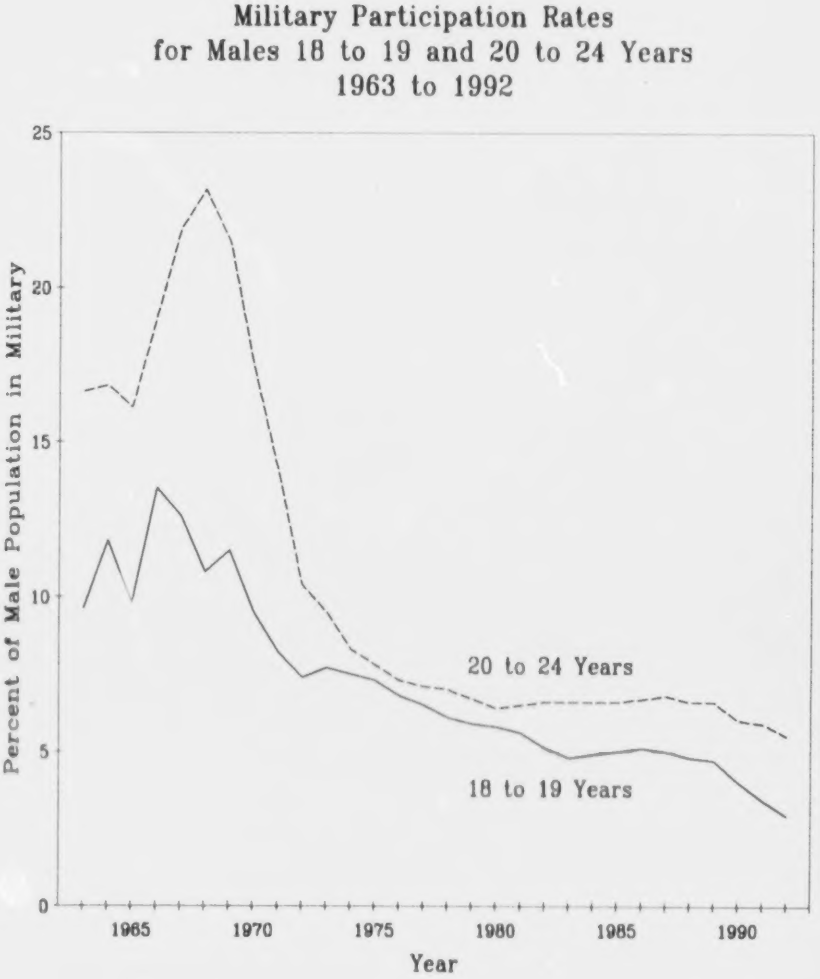
Downsizing the Military

Military service has provided postsecondary vocational training and educational benefits for millions of American men for many decades. Now, however, the military is "downsizing." This means that the military is recruiting fewer young Americans than it has in the past.

Because of the size and quality of skill and vocational training provided by the military services, downsizing means that there are now and will be many fewer postsecondary vocational training alternatives available to Americans between 17 and 35 than there have been in the past--even in peacetime.

Moreover, education benefits provided to active duty personnel and veterans will be available to fewer servicemen. Because of the substantial deterioration in federal student financial aid since the late 1970s, the loss of federal military benefits for higher education after military service represents an added loss for those who need financial aid to realize educational goals.

This report examines military downsizing from the perspective of the military's role of providing postsecondary education opportunity for young Americans. In this study we look at the recruitment, training, financial aid for college, and characteristics of annual military accessions and strength over time.


Military Participation Rates
for Males 18 to 19 and 20 to 24 Years
1963 to 1992

Data used in this report were obtained primarily from the Defense Manpower Data Center, *in Arlington, Virginia, and* **Population Representation in the Military Services**, *an annual report of the Defense Department. Additional data used here came from the* **Current Population Reports** *from the Census Bureau,* **Trends in Student Aid** *from the Washington Office of The College Board, the Defense News Division of the Defense Department, and the U.S. Army Recruiting Station in Iowa City, Iowa.*

Military Recruitment

The military maintains its manpower strength through recruitment. This process consists of identifying prospects, initiating the application process, and signing qualified applicants to enlistment contracts.

The recruitment of new personnel to the military has been deliberately scaled back since federal fiscal year 1987 (FFY1987) as a part of a Defense Department plan to downsize the active military strength of the armed forces. Annual accessions are geared toward meeting service strength requirements determined by planned reductions, emergency situations (e.g., Operations Desert Shield and Desert Storm), and replacement needs from turnover. Since the draw down began, the number of military recruits has declined by about 100,000, or 32 percent, as shown in Table 1.

TABLE 1
Military Recruits
FFY1987 to FFY1992

Federal Fiscal Year	Military Recruits
1987	316,800
1988	286,700
1989	293,900
1990	232,300
1991	206,600
1992 (estimate)	216,000
Future (approximate)	220,000

Selection Criteria

The military services employ selection criteria more extensive than those used by colleges and universities. In addition to education attainment and test scores, the military services screen applicants for physical fitness and moral character. These selection criteria have changed significantly since the advent of the All-Volunteer Force in 1973.

Since 1980 the proportion of recruits who are high school graduates has increased sharply. Prior to FFY1981 about two-thirds of all military recruits had a high school diploma. Then, with the introduction of new standards and improved pay and benefits in FFY1981, this proportion increased sharply and by FFY1991 so that now nearly all recruits have graduated from high school. Admission to the military remains possible with an alternative credential: GED holders must have higher test scores than high school graduates.

Military applicants are scored for selection on the Armed Forces Qualification Test. AFQT scores are expressed in percentiles that reflect the distribution of the national population of men and women 18 to 23 years of age. These percentiles are grouped into six score ranges--called AFQT categories--as shown in Table 2. By law all Category V applicants and those in Category IV who have not graduated from high school are disqualified from military service.

TABLE 2
AFQT Categories and
Corresponding Percentile Score Ranges

AFQT Category	Percentile Score Range
I	93-99
II	65-92
IIIA	50-64
IIIB	31-49
IV	10-30
V	1-9

Physical fitness standards employed in screening applicants consider height and weight limits adjusted for age and gender of applicants. Medical screening reviews prior illness,

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P.O. Box 127
Iowa City, Iowa 52244
Phone (voice/fax): (319) 351-4913

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Editor and Publisher
Thomas G. Mortenson
TIN: 470520190

Mission Statement
This newsletter is founded on two fundamental beliefs. First, sound public policy requires accurate, current, independent, and focused information on the human condition. Second, education is essential to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for all Americans.

injuries, hearing, vision, psychiatry, and use of drugs and alcohol. Moral character is decided by prior criminal activity, especially felony convictions. In addition, married applicants cannot have more than three dependents, no more than two of which may be children.

Basic and Vocational Training

If the military applicant's education, ASVAB scores, physical fitness, and moral character qualify for enlistment, the applicant then meets with a service classification counselor at a Military Entrance Processing Station. The counselor seeks to match the applicant's interests and qualifications with available training or position opportunities. The applicant is free to accept or reject the offer at the time, or consider the offer for a period of time. When the applicant accepts the offer, he or she signs an enlistment contract and is sworn into military service.

After the recruit signs an enlistment contract, he or she may be sent to a recruit training center immediately or up to a year later. Basic training takes about nine weeks. After basic training, recruits are assigned to skill training for programs of varying length based on their ASVAB scores and commitments made in their enlistment contract.

The skill training is designed to prepare recruits for occupations required by the military to carry out its missions. The Army, for example, lists over 250 Military Occupational Specialties (MOS), covering nearly everything "except farmer and beautician," according to one Army recruiter. Examples of MOS specialties include clearly military occupations such as aerial intelligence specialist, forward area alerting radar operator, infantryman, and tactical fire operations specialist, many of which are limited to males. Examples of other MOS specialties in the Army include trombone player, plumber, occupational therapy specialist, heavy construction equipment operator, and cardiac specialist.

Financial Aid for College

Military experience can provide funds for college, either while enlisted, while in the military reserves, or after completing a four-year enlistment. In turn, previous college experience enables the recruit to enlist in the military at a higher rank and pay grade, and qualifies the recruit for military assistance in paying off qualifying student loans with three- or four-year enlistments.

After completing an Army enlistment of four years, for example, the Montgomery GI Bill plus the Army College Fund could yield up to $25,200 for college. While on active duty, the recruit may receive tuition assistance for qualifying courses at collegiate institutions. Army Reservists can receive up to $5040 for college while attending classes. Under the Montgomery GI Bill, reservists receive educational assistance of $140 per month for each month of full-time enrollment, up to the maximum of $5040. Reservists receive lesser monthly checks for three-quarters or half-time college enrollment.

The following table summarizes changes in federal military and veteran's student financial aid programs since 1980-81. The military programs include the Armed Forces Health Professions Scholarship Program, Reserve Officers Training Corps, and higher education tuition assistance for active duty personnel. The Veterans' programs include the several GI bills for veterans of different military campaigns.

TABLE 3
Financial Aid for College Students
through Military and Veterans Programs
(Dollars in millions)
FFY1981 to FFY1992

Federal Fiscal Year	Military	Veterans	Total
1981	$203	$1,714	$1,917
1982	232	1,351	1,583
1983	266	1,356	1,622
1984	297	1,148	1,445
1985	329	1,004	1,333
1986	342	864	1,206
1987	361	783	1,144
1988	349	762	1,111
1989	341	724	1,065
1990	364	790	1,154
1991 est.	369	678	1,079
1992 prelim.	376	908	1,284

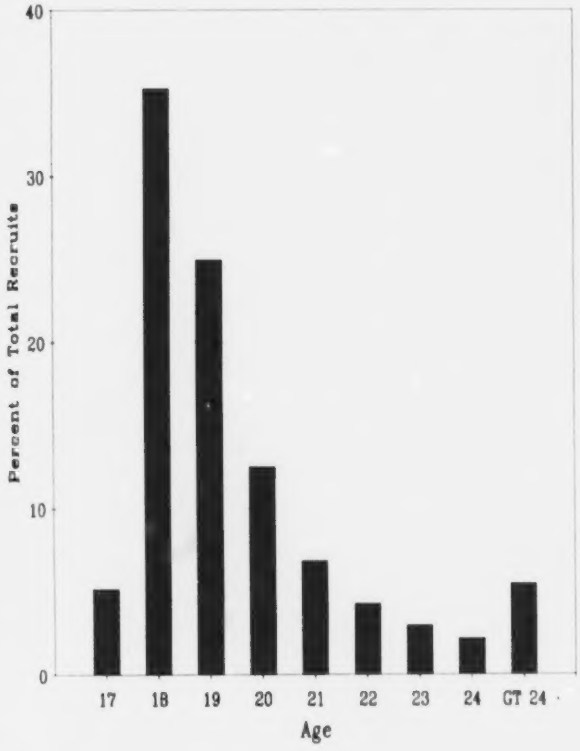
Source: *Trends in Student Aid*, The College Board, Washington Office.

Characteristics of Recruits

The Department of Defense studies and reports on the characteristics of its recruits both to address a 1974 Congressional mandate to monitor the demographic characteristics and to assess the qualifications of military manpower. These characteristics include: age, education, AFQT, reading ability, gender, race and ethnicity, geographic origins, and socioeconomic status. We summarize some of these characteristics here from the perspective of postsecondary education opportunities provided through military service.

Age: By law military recruits must be between 17 and 35 years of age, and those who are 17 cannot enlist without parental permission. While the Army and Navy enlist up to the upper limits of this age range, the Air Force and Marines have ceilings of about 28. However, only about five percent of those who enlist are over age 24--military enlistment consists primarily of young adults. The peak age of enlistment is age 18, as shown in the following figure. In FFY1990 about 60 percent of all new recruits were 18 or 19 years of age. While these data are for all military recruits, the profile for each service branch is similar to the total with only the Marines have slightly larger shares of 18 and 19 year olds, and correspondingly smaller shares of other age cohorts.

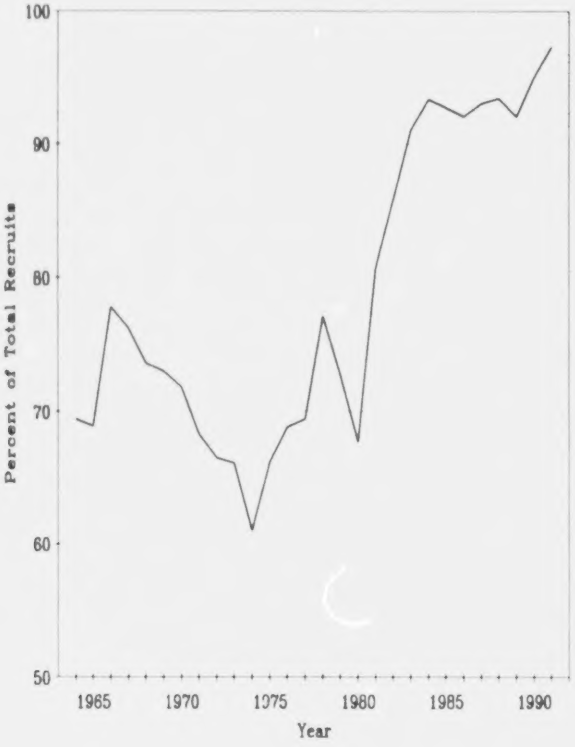
Age Distribution of Military Recruits
FFY1990



Education: Research on Air Force discharge rates in the late 1950s showed that high school graduates were more likely to meet minimum behavioral and performance standards than were non-high school graduates. By 1966 all four branches were giving high school graduates preference over those who had not graduated from high school. By the second half of the 1970s most branches had separated high school graduates and General Education Development (GED) credential holders due to evidence that the GED group experienced greater first-term attrition. Currently GED holders require a higher score on the AFQT than do high school graduates to be eligible.

As a consequence of this line of research and the improvement in military pay and benefits in 1981, the proportion of recruits with at least a high school diploma has increased sharply over time. In 1974 about 61 percent of all recruits were high school graduates. As late as 1980 this proportion stood at 68 percent of all recruits. But in 1981 this increased to 81 percent, and has continued to increase since then to a record 97 percent in 1991. These data are shown in the following figure.

Military Recruits with High School Diplomas
FFY1964 to FFY1991

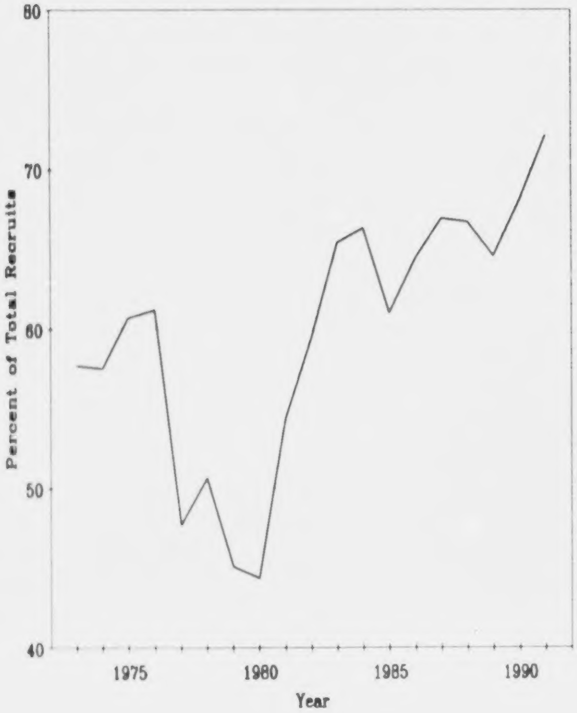


Historically the service branches have differed in the proportion of their recruits holding a high school diploma. The Air force has had the highest proportion of high school graduates over the last twenty years, and in 1990 about 99 percent of its recruits were high school graduates. Currently the Navy has the lowest proportion, at about 93 percent in 1990.

AFQT: The military considers education attainment and scores on the Armed Forces Qualification Test as measures of accession quality. The AFQT is a general measure of trainability and consists of four subtests: arithmetic reasoning, mathematics knowledge, word knowledge, and paragraph comprehension. The score distribution reflects the national population of men and women 18 to 23 years of age.

During the 1970s the proportion of military recruits whose AFQT scores ranked them in the top half of the population (Categories I to III-A) dropped from about 60 percent to about 45 percent. Then, beginning in 1981, the proportion increased initially to about 65 percent through the middle and late 1980s, and to a record 72 percent in FY1991. These data are shown in the following figure since the advent of the All-Volunteer Force following the ending of the draft in 1973.

Military Recruits from
AFQT Categories I to IIIA
FFY1973 to FFY1991

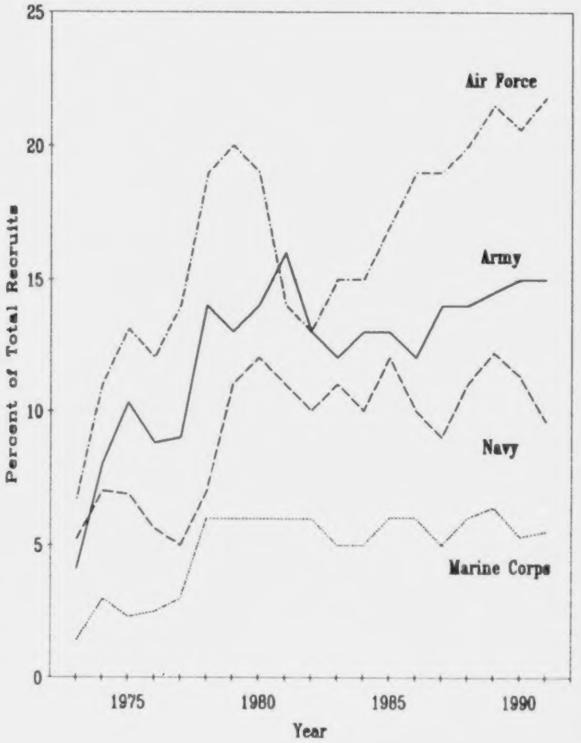


Reading ability: Reading ability is important to military recruits because reading requirements in many skill training areas are substantial. The reading grade levels of military recruits have been estimated by converting AFQT subscores to reading grade level equivalents.

The 1980 civilian youth population ages 18 to 23 read at a ninth grade level on average. In 1982 military recruits read at an average tenth grade level. By 1990 recruits read at the eleventh grade level.

Gender: Military service has traditionally been a male province. By law women are excluded from combat specialties in the Navy, Marine Corps, and Air Force. They are excluded from these roles in the Army by policy. Women are also excluded from certain noncombat positions to accommodate male combat assignment rotation. Because of the wide range in the proportion of female recruits between the military branches, the following chart illustrates these differences over time by service.

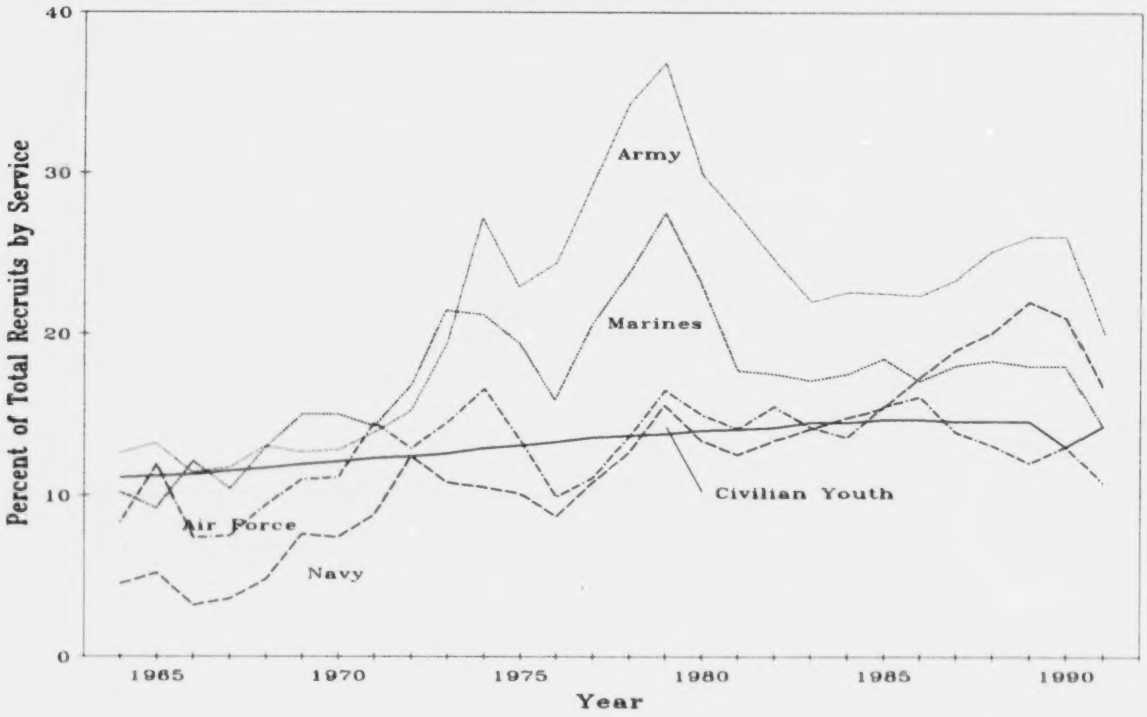
Female Military Recruits by Service
FFY1973 to FFY1991



Race/ethnicity: Since 1971 the percentage of military recruits who were black has exceeded the proportion of blacks in the civilian population ages 17 to 21. The percentage of Black military recruits increased gradually between the end of World War II and the end of the draft in FFY1972, to 11 percent. This was about the same as the proportion of blacks in the population. Then with the advent of the All-Volunteer force in FFY1973, the proportion jumped sharply and continued to increase until 1979 when it reached 37 percent in the Army and 26 percent for all branches. At that time blacks comprised about 14 percent of the civilian youth population.

The increase in the proportion of blacks among military recruits coincided with a period when the ASVAB was

Blacks as a Percent of Military Recruits by Service
FFY1964 to FFY1991



miscalibrated. When the ASVAB error was corrected in 1980, the proportion of low-scoring recruits were reduced and Blacks who had gained access under the lower test score criteria experienced a decline in their share of military recruits. The increased education and AFQT standards in the early 1980s further eroded the black proportion of recruits. However, beginning in 1984 the black percentage began a gradual increase from 18 percent in 1983 to 22 percent in 1989.

Since 1989, however, the proportion of recruits who are black has dropped sharply to 16.7 percent in 1991. While this is still well above the proportion of Blacks in the civilian population, 14.3 percent, this is a smaller proportion of military recruits than for any year since 1972. The Army continues to recruit a larger share of Blacks--20 percent in 1991--and since 1985 the Air Force recruits the smallest share of blacks at 11 percent.

Members of other racial minorities--Native Americans, Asians, Pacific Islanders--are also more strongly represented in the military than in the comparable civilian population. Hispanics were substantially under represented among military recruits. In FFY1990 Hispanics accounted for about 7 percent of military recruits, compared to 12 percent of the civilian youth population.

Geography: The percentage of military recruits has shifted substantially since the mid 1980s. Traditionally, the largest proportion come from southern states, and since 1985 the proportion from the south has increased substantially from 34 to 41 percent of all recruits. The proportion from the west has also increased slightly.

However, the proportions of military recruits from the north central and especially the northeast states have declined since the mid 1980s. The proportion of military recruits from the northeast states declined from 20 percent in 1985 to 14 percent by 1989, and has since increased to 15 percent by 1991.

The states with the largest and smallest shares of their population ages 18 to 24 entering military service in 1990 were the following:

TABLE 4
Military Recruit Representation Ratios
for Selected States, FFY1990

State	Percent of Military Recruits	Percent of 18 to 24 Population	Representation Ratio
Montana	0.52	0.28	1.90
Wyoming	0.30	0.17	1.75
Idaho	0.54	0.32	1.68
Arkansas	1.50	0.94	1.61
New Mexico	0.89	0.58	1.55
Oregon	1.45	0.96	1.51
Rhode Island	0.26	0.43	0.60
Dist of Columbia	0.15	0.25	0.60
Connecticut	0.76	1.38	0.55
New Jersey	1.71	3.16	0.54
Massachusetts	1.39	2.59	0.54
Utah	0.44	0.82	0.54

Conclusions

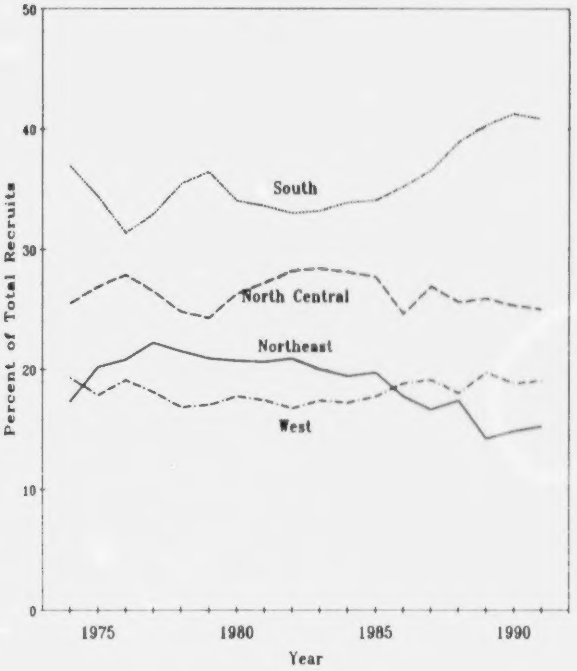
Military service provides postsecondary vocational training for hundreds of thousands of young Americans each year. Given the unevenness and general absence of vocational postsecondary education opportunities in the United States, the quantity and quality of vocational training provided by the military is uniquely important to both equipping young people with valuable skills and meeting skilled workers needs of civilian employers following military service.

Moreover, both in-service and post-service financial aid programs provide about $1.3 billion per year to finance higher educations. The deterioration in federal student financial aid programs available to civilians makes the military and veterans' financial aid programs even more important.

Thus, when the military is "downsizing," the consequences for postsecondary education opportunities for young Americans become a serious public policy question separate from any national defense issue. Between 1987 and 1992 military downsizing reduced the number of postsecondary vocational training opportunities for 100,000 young Americans. That also means that in 1991 100,000 fewer young Americans could earn financial aid to pay for college expenses, both while enlisted in military service as well as following service as veterans returned to the civilian population.

Another aspect of this reduction in military strength is the distribution of the consequences for downsizing. Clearly, blacks are bearing a disproportionate share of the burden for lost military opportunities. Military downsizing occurs at the same time that black high school graduation rates, black college entrance rates, and black college completion rates are declining. The loss of military training, career, and financial aid alternatives at the same time that formal education opportunities and job markets are deteriorating is a public policy problem of the most serious concern.

Military Recruits by Geographic Region
FFY1974 to FFY1991



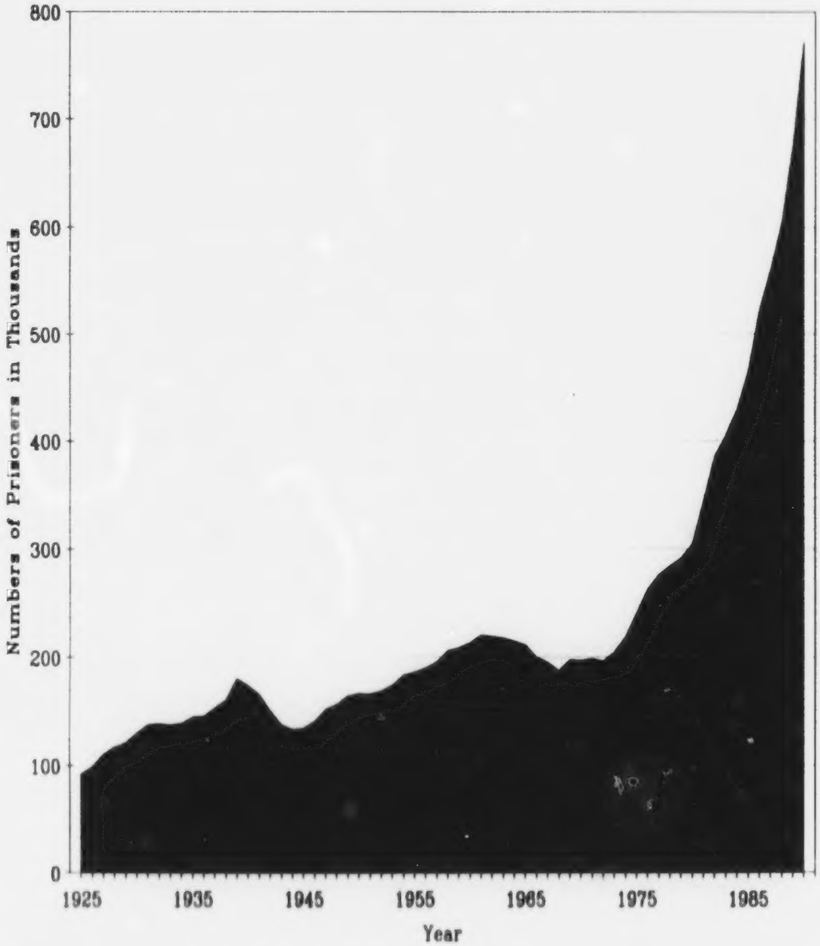
The recruitment standards employed by the military are similar to those employed by selective admissions colleges: prior education attainment and test scores that predict trainability of applicants. As demand exceeds supply for military enlistment, the military logically selects the most qualified applicants. The results, from the military's manpower needs, are better prepared and more easily trainable recruits. Military enlistment comes to look like selective college admission.

Where does that leave those who do not meet such standards? The question for public policy is not simply what does life hold for those who are excluded from formal education systems. The larger public policy questions relate to the welfare of society as a whole. Formal postsecondary education serves three human capital needs: reducing poverty, providing constructive paths to equality, and equipping the labor force to meet international competitive challenges.

Downsizing the military has important socioeconomic consequences that are yet to be addressed in public policy.

Think about this for a while . . .

Prisoners in State and Federal Prisons
1925 to 1990



Source: Bureau of Justice Statistics, Department of Justice.

Higher Education Amendments of 1992
Report of the Committee on Education and Labor House of Representatives

The following is the policy section of the report of the House Committee on Education and Labor containing the Committee's proposals for reauthorization of the Higher Education Act. The report is dated February 27, 1992, and the policy section follows an extensive listing of those who submitted proposals and testimony.

Basic Policy Objectives

The need for this legislation arises primarily from the expiration at the end of fiscal year 1992 of the authorizations for the programs in the Higher Education Act. Thus, the fundamental purpose of this bill is to affirm and improve the Federal commitment to the support of postsecondary education. The reason for this Federal commitment to education was eloquently stated by President Johnson in his message proposing the Higher Education Act twenty-six years ago. He said, speaking of education:

> *Nothing matters more to the future of our country: Not our military preparedness--for armed might is worthless if we lack the brain power to build a world of peace; not our productive economy--for we cannot sustain growth without trained manpower; not our democratic system of government--for freedom is fragile if citizens are ignorant.*

A fundamental theme of Federal support for postsecondary education is assistance to achieve the goal of equal educational opportunity. This is not a new goal. It was stated as long ago as 1947 by the President's Commission on Higher Education, created by President Truman. That Commission's report stated:

> *Equal education opportunity for all persons, to the maximum of their individual abilities and without regard to economic status, race, creed, sex, and national origin, or ancestry is a major goal of American democracy. Only an informed, thoughtful, tolerant people can maintain and develop a free society.*

President Eisenhower's Committee on Education Beyond the High School stated as one of its 'basic premises' that:

> *Our ideals and the increasing complexity of our civilization require that each individual, regardless of race, creed, color or national origin, have the opportunity to pursue education or training beyond high school to the full extent for which he or she is willing and able.*

This goal was reaffirmed in President Johnson's message to the Congress, 'Towards Full Educational Opportunity,' which proposed the Higher Education Act of 1965, and in his remarks at Southwest Texas State College upon signing the Higher Education Act of 1965. At the signing ceremony, President Johnson said that this law 'means that a high school senior anywhere in this great land of ours can apply to any college or any university in any of the 50 States and not be turned away because his family is poor.'

President Nixon expressed his strong commitment to equal educational opportunity in his 1970 message to the Congress in higher education in which he said, 'No qualified student who wants to go to college should be barred by lack of money. That has long been a great American goal: I propose that we achieve it now.'

The student assistance programs have increasingly become the dominant means by which the federal government pursues the goal of equal educational opportunity. Perhaps the most dramatic change in the Higher Education Act over the last twenty-six years has been the shift from an Act which primarily supported higher education through the purchase of things, such as buildings and books, to an Act which supports higher education primarily by investing in people through the student aid programs. The 1965 Act provided for total authorizations of almost $1.1 billion for the first fiscal year, fiscal year 1966. Of this total authorization, 68 percent of the funds were authorized for institutional aid programs and the remaining 32 percent for student aid. The largest single authorization in the 1965 Act was $460 million for grants to build undergraduate academic facilities.

Currently, the fiscal year 1992 appropriations for programs authorized by the Higher Education Act is $15.3 billion. Of these funds 97 percent are for the student assistance programs authorized by Title IV and only the remaining 3 percent are for the other programs authorized by the Act. In fact, the student financial assistance program authorized by Title IV provide 75 percent of the student financial assistance from all sources in the United States. The watershed in the reorientation of the Higher Education Act from the dominance of institutional aid programs to the dominance of student aid programs was the Education Amendments of 1972 which created the Pell Grant program.

The most consistent message received from the Subcommittee's hearings was to note the erosion in the value of student aid when compared to college costs, the disproportionate decline in the purchasing power of grant assistance and the dramatic increase in student borrowing. In constant dollars, between 1980-81 and 1990-91 the value of Title IV financial assistance increased by 23 percent. During this same period increases in college costs ranged from 27 percent for public universities to 54 percent for private universities and median family income increased by only 15 percent. The purpose of the Federal student financial aid programs is to fund that part of college costs that cannot be met out of family income and thereby expand educational opportunities. These Federal programs are clearly diminishing in their ability to serve that purpose as college costs have grown at a rate significantly faster than both median family income and Federal student financial assistance. The gap between family resources and college costs is steadily widening and the ability of the Federal student financial assistance programs to fill that gap and enable students to pursue education beyond high school is also steadily eroding. It is, therefore, not surprising that in a recent Gallup poll 87 percent of the public agreed with the statement, 'College costs are rising at a rate which will put college out of the reach of most people' and 73 percent agreed with the statement, 'College costs in general are such that most people *cannot* afford to pay for a college education.'

Of particular significance is the fact that in fiscal year 1979 the maximum Pell Grant award represented 46 percent of the average cost of attendance at all postsecondary institutions in the United States. In the current academic year, the maximum Pell Grant award provided only 25 percent of the average cost of attendance. In short, the purchasing power of the Pell Grant has declined by one-half.

As the value of grants has declined, students are increasing their borrowing in order to finance their education. In the current academic year, $18.4 billion will be available to students through Federal programs. Of this amount 64 percent will be in the form of loans and 36 percent in the form of grants and work-opportunities. In the late 1970's this proportion was exactly the opposite. Looking only at the Pell Grant and the Stafford Loan programs, for academic year 1976-77 the Pell Grant provided slightly more aid to students that the Stafford Loan program. For the 1990-91 academic year the Stafford Loan program provided more than two and one half times as much aid as the Pell Grant program. So, rather than a little more than one grant dollar for each loan dollar as in 1976-77, we are now providing two and a half loans dollars for every grant dollar. What is particularly disturbing is that the lowest income students are being increasingly forced to borrow to pay for postsecondary education.

The original purpose of the Guaranteed Student Loan Program has been stood on its head. In the House Committee Report on the High Education Act of 1965, the Commissioner of Education is quoted as saying that the purpose of the Guaranteed Student Loan Program is to help middle income families 'spread out over more than the 4 years of college' the costs of college through a 'loan of convenience.' The Commissioner concluded:

> *Helping the middle income student and his family to bear the heavy brunt of college costs would seem to have a reasonable claim on a share of our national commitment to offer every child the fullest possible educational opportunity.*

Far from being a loan of convenience for students from middle income families, the Guaranteed Student Loan has become a loan of necessity for all students. In 1980 students owed $18.5 billion under the Stafford Loan program. In 1990 student debt had increased to $51.4 billion, an increase of nearly 300 percent. Where past history knew a class of indentured servants, today we are producing a class of indentured students in bondage to their educational debts.

The Committee is particularly concerned about the impact of increased student loan indebtedness. This debt threatens to undermine equal education opportunity since low-income and disadvantaged students, who lack familiarity with debt financing and credit arrangements, may choose to forgo a postsecondary education rather than paying for it with loans. In addition, it is hard to argue that the opportunities of two students have been equalized if the low-income student completes postsecondary education with a substantial loan debt burden may also have an adverse impact on the willingness of qualified student to pursue graduate and professional education. It may also distort student choices of majors and careers as they are guided by the need to pay their educational debts.

H.R. 3553 [the House reauthorization bill] is intended to accomplish five basic goals with respect to the student financial assistance program.

First, H.R. 3553 seeks to redress the growing imbalance between loans and grants in student financial aid and to expand student aid to serve students from working and middle-income families. It provides that:

- the maximum Pell Grant award is increased from the $3100 authorized by current law (appropriated at $2400) to $4500 and ensures funding by making the program an entitlement;
- a student from a family of four with an income of $49,000 will be eligible for the minimum Pell Grant;
- home, farm and small business equity will not be considered in determining eligibility for financial assistance;
- families will have new incentives to save for the college education of their children;
- all students regardless of family income can borrow up to the maximum Stafford Loan, with eligibility for in-school interest subsidy based on financial need;
- eligibility for the in-school interest subsidy will extend, for example, to students from a family with an income of $78,000 attending the average-priced college; and
- all parents regardless of income with no adverse credit history will be able to borrow up to the total college cost minus other financial aid through the Parent Loans to Undergraduate Students (PLUS) program.

Increasing the maximum Pell Grant to $4,500 and making the family of four with an income of $49,000 eligible for the minimum Pell Grant will restore the program to where it was in 1979.

Second, H.R. 3553 makes major changes to enhance the integrity of the student financial aid programs. The student aid programs have been tarnished by reports detailing the exploitation of students by unscrupulous schools, growing default costs, schools offering overpriced and inferior educational programs and schools and lenders with unacceptable default rates. The easy assumption can no longer be made that everyone who assumes the title of 'educator' offers a quality educational program or puts the interests of students uppermost. H.R. 3553 includes nearly 100 provisions to strengthen controls on schools and colleges to end waste and abuse and to minimize loan defaults. These provisions include prohibiting the use of commissioned sales persons and recruiters, requiring pro rata tuition refunds, requiring increased financial responsibility from schools, and strengthening the ability of the Department of Education and the states to terminate the eligibility of schools which abuse programs. H.R. 3553 ensures that an increased investment in student aid will be well spent.

Third, H.R. 3553 modifies the student aid programs to more effectively serve the needs of non-traditional students. These students, who are older, independent of their parents, working, and generally attending school part time, are now the majority in postsecondary education. H.R. 3553 revises the programs to serve these students more effectively by, for example, increasing support for child care expenses and extending eligibility for Pell Grants to less-than-half-time students.

Fourth, H.R. 3553 simplifies the student financial aid programs. Many students and their families are denied access to student aid because they cannot navigate through the bewildering complexity of the student aid forms and delivery system. This complexity has become a new barrier to educational opportunity. H.R. 3553 provides for dramatic simplification including a single free Federal form for applying for Federal student aid and a single need analysis and allows students to update their application from the prior year rather than filing a completely new application each year.

Fifth, H.R. 3553 strengthens early outreach and intervention during the high school and middle school years. Students and their families are frequently not well informed about the availability of financial assistance, the range of postsecondary educational options and the appropriate high school programs that lead to postsecondary education. H.R. 3553 improves early outreach and intervention efforts by strengthening the TRIO programs, creating a new Federal-state partnership to provide tutoring and advising, providing support for training high school counselors and establishing a national computer network of financial aid information.

Outside of the Title IV programs, H.R. 3553 also extends and improves the programs to support Historically Black Colleges and Universities, teacher training, college libraries, international education, cooperative education, graduate education, the Fund for the Improvement of Postsecondary Education and community service.

* * * * *

Copies of the complete report from which this section was taken may be obtained free by writing: House Document Room, B-18 Ford Building, Washington, DC 20515, or calling (202)225-3456, and requesting Report 102-447.

State Reports

Despite a 3 percent reduction in state funding for higher education in **Virginia** for FY1993 compared to FY1992, state appropriations for student aid to public institutions were increased by 30 percent. These funds were provided to offset a 15 percent increase in tuitions for aid-dependent students in public universities, colleges, and community colleges. Aid to students in Virginia's private institutions remained at the prior year's level.

The Virginia experience follows the pattern in place nationally for the last 25 years: decrease higher education's share of state budgets, increase tuition revenues to public institutions to offset the loss of state funds, then increase student financial aid to cover the tuition increase for the portion of student enrollment dependent on financial aid to finance college attendance costs.

Virginia followed this model fairly closely to protect education opportunity. The State Council for Higher Education estimated that for the next biennium about $38 million in new financial aid would be required to cover the expected tuition increases. The state provided $24.1 million, or 63 percent of the estimated need. The balance was left for students to finance by other means, probably increased borrowing.

The Council's goal is to provide sufficient state student financial aid to cover direct costs of college attendance without obligating students to borrow. These direct costs include tuition, fees, and books. With the student aid funds provided, the Council expects student aid funding to cover about 43 percent of direct costs by the end of FY1994.

Oregon is struggling with implementation of Ballot Measure 5, which limits property taxes for local schools and obligates the state to make up the shortfall from state tax revenues. The Governor has ordered all state agencies to prepare requests for the 1993-95 biennium at 80 percent of their appropriation for the 1991-93 biennium.

This order includes the Oregon State Scholarship Commission. Among the options being considered by the Commission to meet the Governor's order is the abolition of all small state student aid programs to protect the Oregon Need Grant Program. This program currently provides about $11.3 million in grants to about 15,000 to 16,000 students per year and is the centerpiece of the Commission's state-funded grant activities on behalf of students.

Past state budget crises elsewhere have led to reductions in higher education opportunity directly (e.g., enrollment limits), or indirectly by slashing funding for state student aid programs. Examples include **Washington** in 1981, **Massachusetts** in 1991, and **California** in 1992. In each case desperate states took draconian measures in state budgeting to keep state budgets balanced. Washington continues its enrollment limits today, long after the budget crisis of the early 1980s has passed, at the expense of higher education opportunity for about 85,000 Washingtonians each year. Both Massachusetts and California not only increased tuitions substantially in their public institutions, but sharply reduced funding for their state student aid programs at the same time. Both Massachusetts and California compounded their problems by requiring the neediest students qualifying for the largest state grants to absorb the largest dollar reductions in their student aid awards.

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Postsecondary Education OPPORTUNITY

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 8 | **Iowa City, Iowa** | **December 1992**

Struggling . . .

Hispanics Are Less Than Half as Likely as Whites To Complete Four Years of College - and Slipping Farther Behind

Hispanics represent a substantial and growing share of the U.S. population. In 1990 Hispanics were 10.6 percent of the U.S. population ages 18 and 19 years, and a larger share of younger age groups.

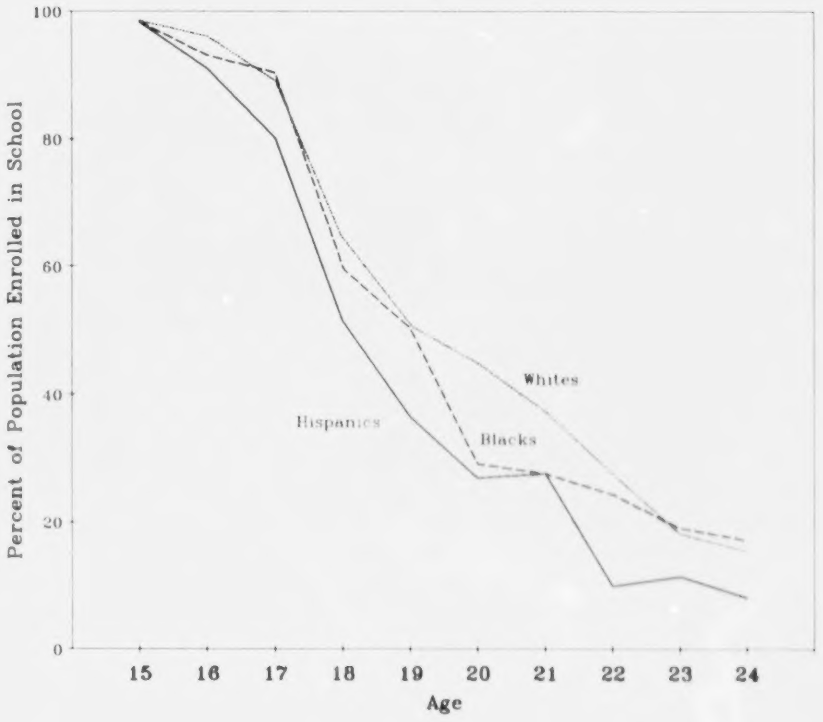
Hispanics are those who identify themselves to Census takers as Mexican American, Chicano, Mexican, Mexicano, Puerto Rican, Cuban, Central or South American, or other Hispanic origin. Persons of Hispanic origin may be of any race.

Hispanics' geographic concentrations, diversity of origins, family focus and backgrounds, language, work ethic, incomes, and educational backgrounds often present special challenges for policies, programs, and organizations that seek to broaden opportunities for postsecondary education.

In this issue of **OPPORTUNITY** *we use national data from the Census Bureau's* ***Current Population Survey,*** *reported since the early 1970's, to describe the flow of young Hispanics through the education system. Where we can examine the experience of Mexican-Americans separately from other Hispanics we do so. Generally the Census Bureau's sampling for the Current Population Survey produces sample sizes adequate to distinguish Mexican-Americans from other Hispanics through collegiate enrollment. However, in looking at college completion and attainment, only data for all Hispanics combined is reported.*

Our monitoring of the flow of Hispanics follows the logical sequence: high school graduation, then college participation, and then finally college completion. The product of all three yields the four-year college attainment rate.

School Enrollment Rates by Age
for Whites, Blacks, and Hispanics
October, 1990



Enrollment Rates by Age

At all ages Hispanics are less likely to be enrolled in school than either whites or blacks. This is especially true before and after the ages of compulsory school attendance between the ages of six and 15 years.

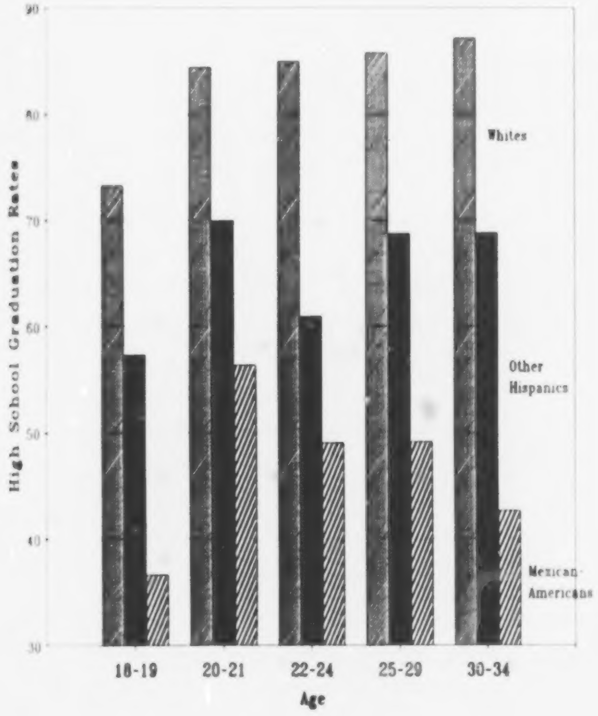
Between ages three and five, Hispanic enrollments fall below those of Whites and Blacks, although the gap is nearly closed by age five. At age three, 16.9 percent of Hispanics are enrolled in school, compared to 29.8 percent of blacks and 33.3 percent of whites. By age four 43.6 percent of Hispanics are enrolled, compared to 53.5 percent for blacks and 56.4 percent for whites. At age five the rates are 91.1, 92.6, and 93.4 percent respectively.

Through age 15 school enrollment rates for all three groups are over 98 percent, although Hispanics lag both other groups. However, beginning at age 16 school enrollment rates decline sooner and faster for Hispanics than they do for whites or blacks. At age 16, 91.1 percent of Hispanics are enrolled in school, compared to 93.1 percent for blacks and 95.9 percent for whites. By age 18 school enrollment rates are 51.4, 59.5, and 64.8 percent respectively. These data are plotted in the figure on the preceding page.

High School Graduation

The **Current Population Survey** distinguishes Mexican-Americans from other Hispanics in reporting high school graduation rate data. Mexican-Americans comprise about 65 percent of the Hispanic population between 18 and 34 years of age.

High School Graduation Rates by Age
for Whites, Mexican-Americans, and Other Hispanics
1991



The distinction between Mexican-Americans and other Hispanics is important because it helps identify the first serious obstacle to college enrollment. Only about half of all Mexican-Americans graduate from high school, compared to nearly 70 percent for other Hispanics and about 85 percent for whites. At the first step in the education sequence toward a baccalaureate degree from college, Mexican-Americans and other Hispanics stumble and fall far behind whites. Moreover, during the last 18 years little progress is evident in available data that indicates that this gap has closed.

High school graduation rates peak at 20 to 21 years for both Mexican-Americans and other Hispanics. The first chart on the next page plots high school graduation rates for whites, Mexican-Americans, and other Hispanics in this age group between 1974 and 1991. There is little progress toward higher high school graduation rates evident over the last 18 years--the historic gaps in rates among the three groups have persisted.

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Editor and Publisher
Thomas G. Mortenson
TIN: 470520190

Mission Statement

This newsletter is founded on two fundamental beliefs. First, sound public policy requires accurate, current, independent, and focused information on the human condition. Second, education is essential to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for all Americans.

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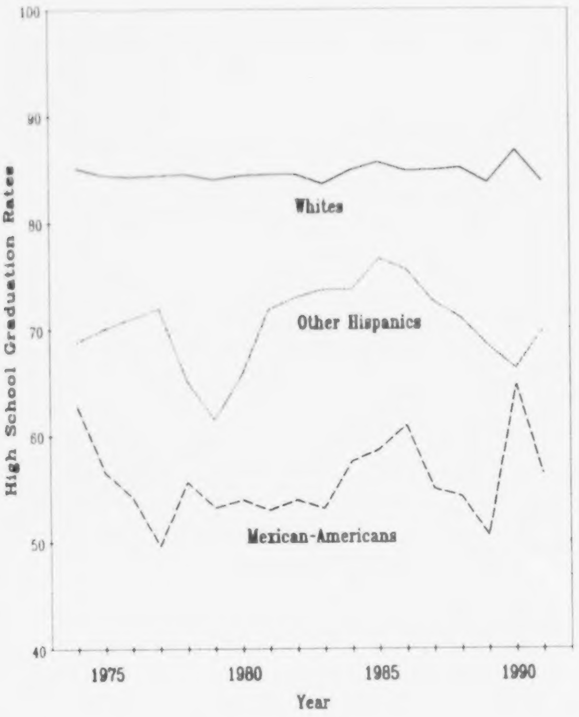
High School Graduation Rates for 20-21 Year Old Whites, Mexican-Americans, and Other Hispanics 1974 to 1991



Test Scores

On national academic tests, Hispanics generally and Mexican-Americans in particular, score well below whites. However, progress toward closing this gap with whites is significant.

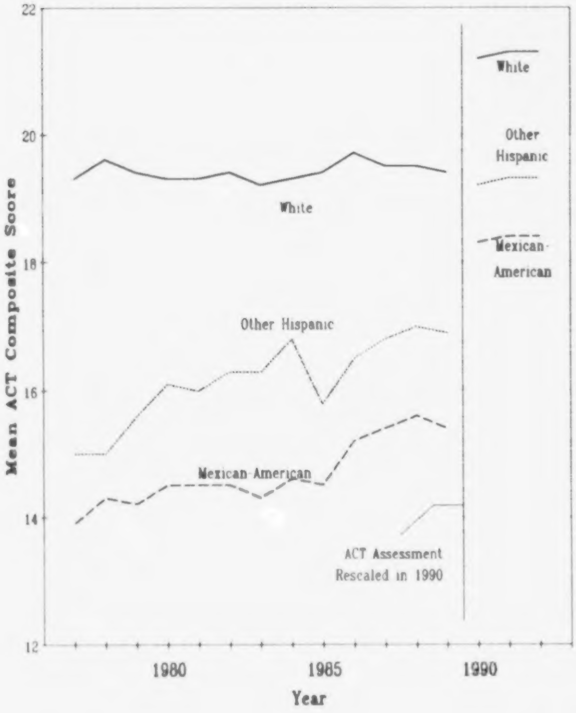
Encouraging signs of progress in academic preparation for college are to be found in a variety of national test data for Hispanics. For example the National Assessment of Educational Progress (NAEP) has monitored the performance of whites and Hispanics at ages nine, 13, and 17 in mathematics, science, reading, writing, and civics since 1973. The results show strong gains for Hispanics compared to whites and compared to Hispanics from earlier years in all areas tested and for all three age groups.

The ACT Assessment provides further evidence of the past and current gains in academic preparation for college. The ACT is particularly useful because it distinguishes between Mexican-Americans and other Hispanics in reporting test score results. (However, rescaling of the ACT Assessment between 1989 and 1990 obscures trends in these scores.)

Between 1977 and 1989 the average ACT Composite Score for Mexican-Americans increased from 14 to about 15.5. During this period the ACT for other Hispanics increased from 15 to 17. Meanwhile, scores for whites remained essentially unchanged at 19.5. The progress for Hispanics compared to the lack of it for whites meant that the ACT test score gap was closed significantly during this period.

Since the ACT Assessment was rescaled in 1990, both Mexican-Americans and other Hispanics have continued to show gains in the ACT Composite Score. The significance of these gains is magnified further by the steadily expanding numbers of Hispanics who are taking the ACT Assessment for college admission.

ACT Assessment Scores for Whites, Mexican-Americans, and Other Hispanics 1977 to 1992



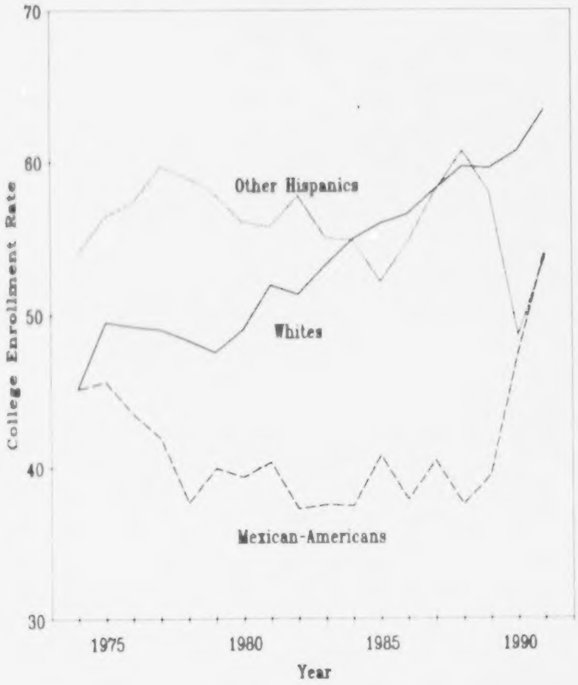
College Enrollment

Currently, white high school graduates ages 18 and 19 enroll in college at higher rates than either Mexican-Americans or other Hispanics of the same age. However, this was not always the case. In 1974 Mexican-American high school graduates were as likely as whites to enroll in college. Moreover, between 1974 and the early 1980s, other Hispanic high school graduates enrolled in college at rates well above those of whites. Since then, however, the college enrollment rate for 18 and 19 year old high school graduates has increased steadily for whites, declined for other Hispanics, and only recently showed gains for Mexican-Americans.

For 18 and 19 year old Mexican-American high school graduates, the college enrollment rate reached a record high in 1990, then broke that record in 1991. Currently about 54 percent of the Mexican-American high school graduates enter college, compared to about 63 percent for whites. But the striking development evident in the following chart is the growth in 1990 and 1991 compared to the college enrollment rates of less than 40 percent during the 1980s.

A considerably less attractive picture emerges from the data for other Hispanic high school graduates. These rates were lower in 1990 and 1991 than any time since data were first collected and reported in 1974. The conclusion of failure may be premature due to sampling error in the Current Population Survey, but nevertheless warrants continuous attention and more detailed analysis.

College Enrollment Rates
for 18 and 19 Year Old White, Mexican-American,
and Other Hispanic High School Graduates
1974 to 1991

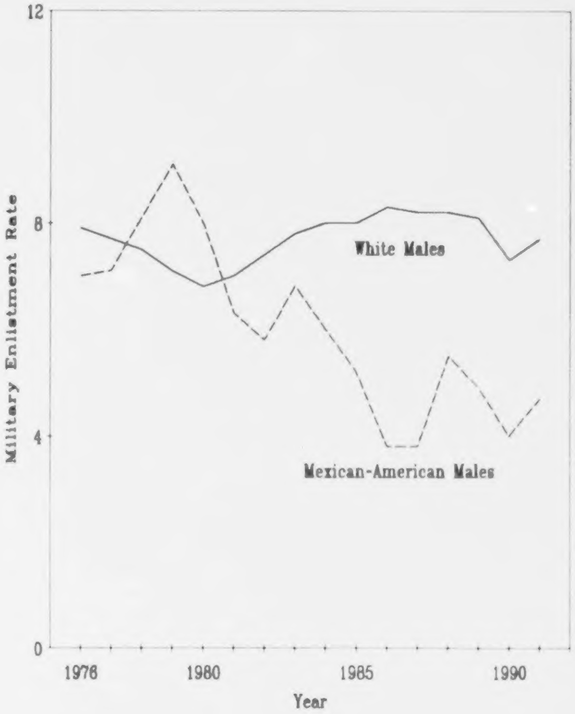


Military Enlistment for Males

Historically, the military has provided important vocational training, financial aid, and career options for American minorities, especially males. The following figure shows the proportions of white and Mexican-American males ages 20 and 21 that were enlisted in military service between 1974 and 1991.

In the late 1970s young Mexican-American male high school graduates were more likely to enlist in the military than whites. However, beginning in 1981, this reversed. In 1991 the proportion of the Mexican-American male high school graduate population enlisted in military service was 4.7 percent compared to 7.7 percent for whites.

Military Enlistment Rates for White and Mexican-American
Male High School Graduates Ages 20 and 21
1976 to 1991

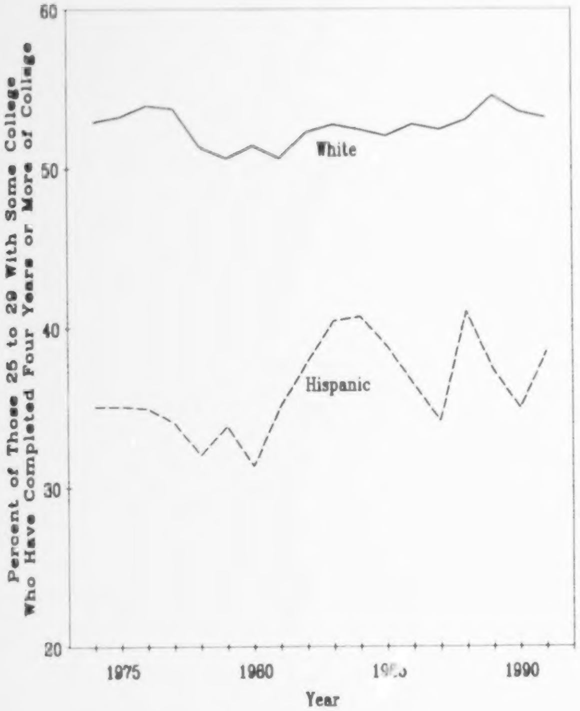


College Completion

The major labor market payoffs from college for those who enter college after high school accrue to those who complete more years of college. And the more years of college completed, the greater is the economic payoff. Here we examine four-year college completion rates for ages 25 to 29 for those who enter college. Unlike the previous data from the October **Current Population Survey**, the following data on completion and attainment are taken from the March **Current Population Survey**. The published March CPS data do not distinguish between Mexican-American and other Hispanics.

About 38 percent of all Hispanics who start college completed four years or more of college by ages 25 to 29 in 1991. This was above the rates from the 1970s, which ranged in the low 30 percent area. But it was below college completion rates of better than 40 percent reached in 1983, 1984, and 1988. It was also well below the four-year college completion rate for whites of 53 percent in 1991.

College Completion Rates
for Whites and Hispanics Ages 25 to 29 Years
1974 to 1991

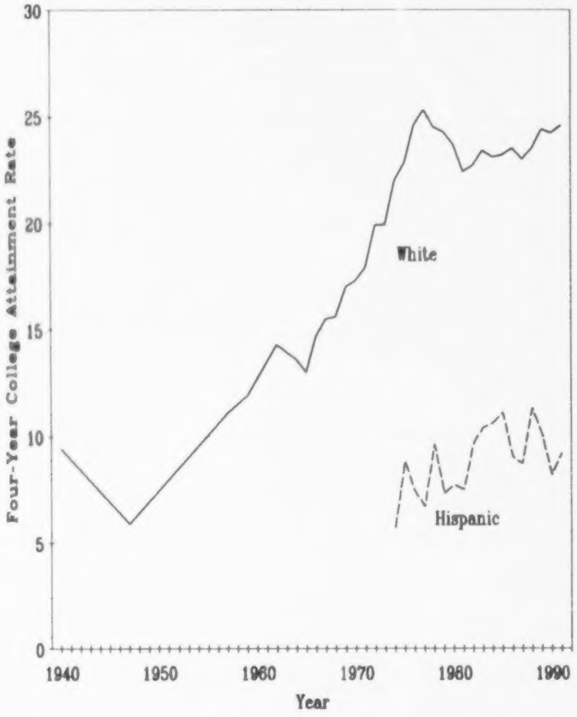


Four-Year College Attainment

To complete four years or more of college, one must have first graduated from high school, then enrolled in college, and then finally completed four years of college study. There is distinct and very substantial attrition at each of these steps for all groups. Not many from any group pass all three hurdles. But attrition is higher for Hispanics than it is for other groups, such as whites.

The following chart shows the proportions of whites and Hispanics that have completed four years or more of college by the time they are 25 to 29 years of age between 1974 and 1991. For Hispanics, roughly one in ten pass all three hurdles by this age. For whites it is one out of four.

Four-Year College Attainment Rate
for Whites and Hispanics Ages 25 to 29 Years
1940 to 1991



The plot for Hispanics shows clear and substantial progress over the last 18 years, from about 6 percent in 1974 to 9 percent by 1991. The progress appears to have been erratic, although statistical sampling issues in the **Current Population Survey** limit our understanding of short-term fluctuations in these data. General findings from the data reviewed here highlight both serious problems for Hispanics generally, and Mexican-Americans in particular, as well as reasons for optimism.

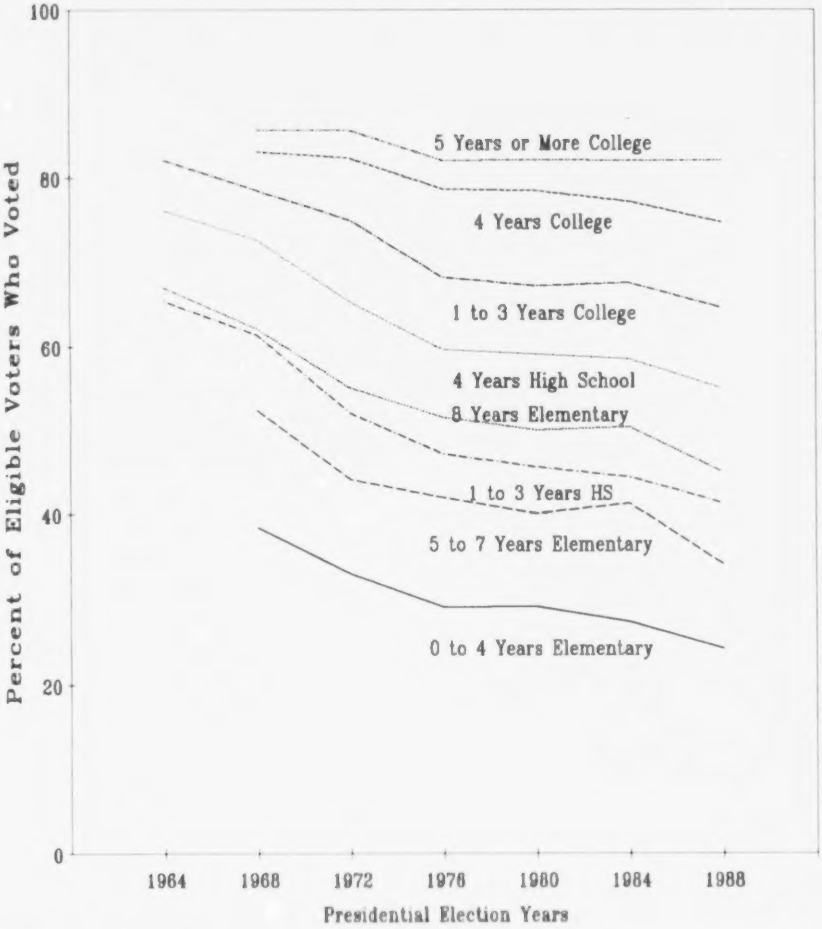
The most serious problem occurs at the first hurdle: high school graduation. Only half of all Mexican-Americans graduate from high school, a finding that consigns the dropouts to a life of poverty. Even other Hispanics, about 70 percent of whom graduate from high school, fall well short of the national goal of 90 percent high school graduation. Sad to say neither group has shown much progress in improving these rates since 1974.

After high school graduation, the picture shows abundant signs of progress. Academic test scores have shown substantial improvement for Mexican-Americans and other Hispanics over the last fifteen years. These gains are even more important because test scores for whites showed no improvement during this period, thus closing the test score gap.

Moreover, college entrance rates for Mexican-Americans appear to have jumped sharply in 1990 and 1991, and college completion rates for Hispanics increased in the 1980s over 1970s levels. Important progress is evident, while an extraordinary amount of work needs to be done by, for, and within the Hispanic community.

Think About This for a While . . .

Voting Rates in Presidential Elections
by Years of School Completed
1964 to 1988



Source: Current Population Reports, Series P-20.

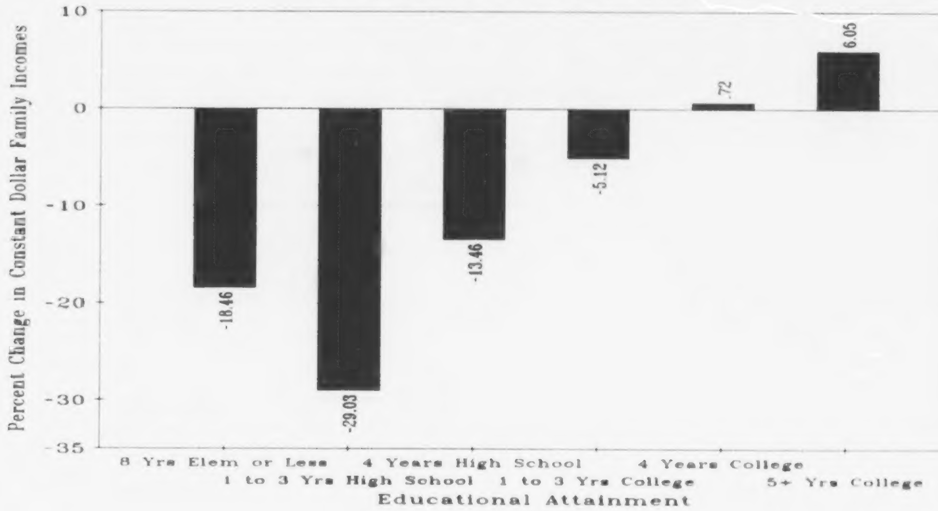
By the Year 2000 . . .

Target Populations to Achieve the National Goal of a 90 Percent High School Graduation Rate

The national goal of a 90 percent high school graduation rate by the year 1990 was first announced by President Reagan in 1984. Unfortunately, President Reagan did not follow-up, and between 1984 and 1990 the high school graduation rate actually declined for major population groups. In 1990 President Bush and the nation's governors adopted a national goal of a 90 percent high school graduation rate by the year 2000. Since Governor Clinton was a subscriber to the national goal, we assume that when he takes the oath of office as President he will follow through and develop programs that will move us toward that goal. To help achieve this goal, we offer the following analytical support to this worthy effort. Here we identify exactly on which population groups programs must be focused to get the high school graduation rate up to 90 percent for each major demographic group.

The labor market rewards those who pursue their educations after high school into postsecondary education. Similarly, the labor market punishes those who fail to complete high school before they begin their adult working lives. The following chart summarizes changes in median family incomes between 1973 and 1990 by the educational attainment of the head of the household. Few charts so clearly describe the labor market rewards for postsecondary education, and the brutal economic punishment given those who end their educations before college.

Change in Median Family Income
by Educational Attainment of Householder
Between 1973 and 1990

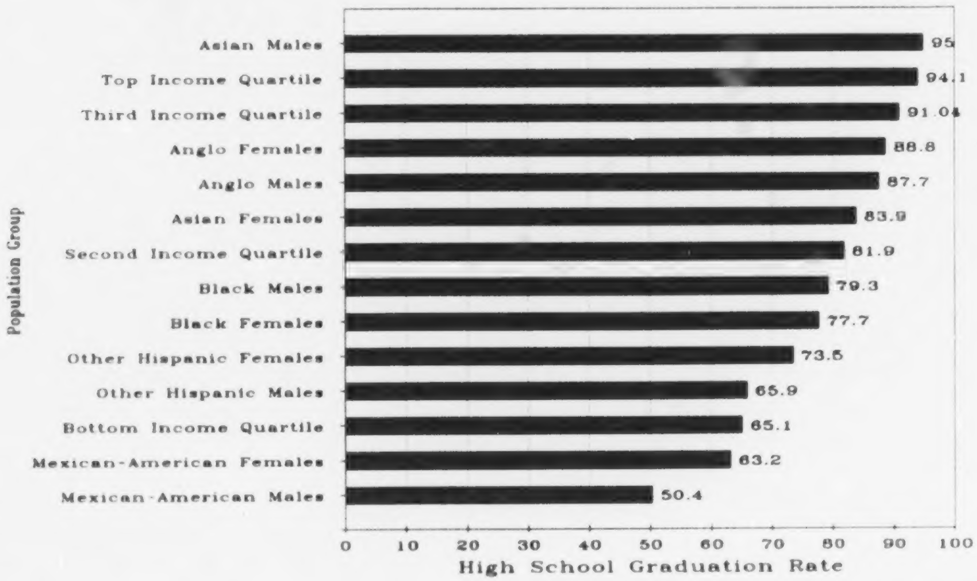


Before one can enroll in postsecondary education, one must first graduate from high school. While high school graduation is measured in different ways for different populations at different ages, we have gathered and calculated high school graduation rates from **Current Population Survey** data collected and reported by the Census Bureau for young adults. For the racial/ethnic/gender groups identified in this study, that means 20 to 21 year olds. For those identified by family income groups, it means 18 to 24 year olds.

For these populations of young adults, high school graduation rates range from a low of 50 percent for Mexican-American males, to a high of 95 percent for Asian males. In 1991, only Asian males and unmarrieds whose family incomes were in the top two quartiles of the family income distribution ($36,971 to $60,388, and greater than $60,388) had high school graduation rates of more than 90 percent. All others fell below 90 percent.

High school graduation rates are lowest for Mexican-Americans and other Hispanics, both male and female, and those from the bottom quartile of family income. For these groups, less than three-quarters graduated from high school in 1991.

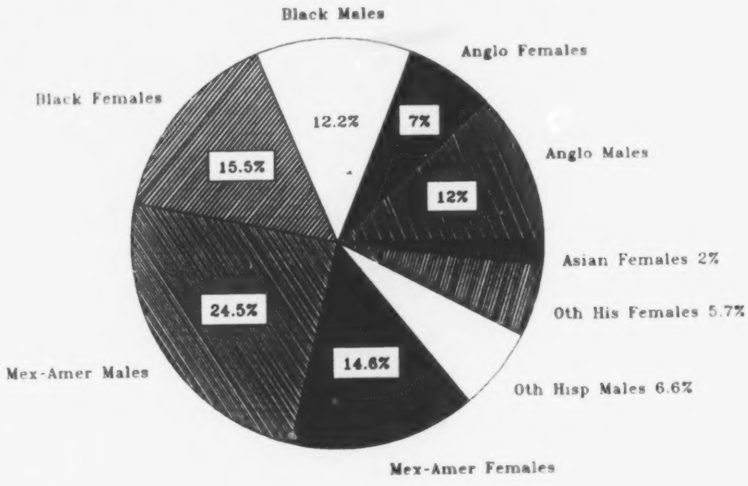
High School Graduation Rates for Civilian Noninstitutional Populations of Young Adults 1991



To reach a 90 percent high school graduation rate would require converting 228,000 high school dropouts from each high school class into high school graduates. About 40 percent of this total is to be sought from Mexican-American males and females. Another 28 percent would be sought from black male and female high school dropouts. Another 12 percent would be sought among other Hispanic dropouts. Only 19 percent would be sought among anglo (non-Hispanic white) males and females. And 2 percent would come from Asian females.

Increasing the high school graduation rate is a public interest issue. Those without education choose low and declining income paths that earn and produce less. They pay less in taxes and incur greater social program costs in governmental budgeting.

Target Populations Required to Reach 90 Percent High School Graduation Rate National Goal



Total: 229,000

Where the real work begins . . .

The State Record and Outlook for Fiscal Year 1994 for Financing Postsecondary Education Opportunity

In January most states will begin legislative and fiscal cycles that will lead to financing decisions for postsecondary opportunity in their states for the 1993-94 academic year. This state review outlines how states finance opportunity, what their fiscal prospects are, and how well or how poorly they have carried their responsibilities in recent years.

State Finance of Higher Education Opportunity

While the federal government *appears* to have shifted its attention away from higher education following President Bush's signing of the **Higher Education Amendments of 1992** on July 30, 1992, the annual struggle to finance opportunity continues in all 50 states. Because the larger dollar decisions are made in the states, it is timely to assess where the states are financially for FY1994 as they are about to begin their legislative and appropriations processes.

The three components of state finance of higher education opportunity are: 1) state appropriations to public institutions, 2) tuition charges in public institutions, and 3) state appropriations for student financial aid.

To accommodate enrollment growth and provide quality in programs offered, institutions require adequate revenues from either the state or students. Without adequate funding, either capacity or quality are usually compromised, and either sacrifices education opportunity for students directly.

During the 1980s most states shifted their state tax resources toward prisons, health care, welfare, solid waste, and other state priorities. Higher education lost budget shares in most states, and sought to make up lost state revenues with increased revenues from student tuitions.

At the same time, about 34 percent of those currently enrolled in public higher education are receiving financial aid to help pay college attendance costs. (That also means 66 percent are attending public institutions without financial aid.) Increasing college costs without providing student financial aid to cover the increase sacrifices opportunity for those certified through need analysis to be unable to contribute further from their own resources to their own educations.

Generally, state appropriations for public institutions have been declining as a proportion of total state appropriations since FY1968. The decline in share has been substantial and steady.

Tuition revenues are covering a growing share of costs of education in public higher education at least since FY1962. The growth has been bumpy over time and uneven across the states. Tuition represents a far greater share of public institutions' revenues in some states (e.g., **Vermont, New Hampshire, Pennsylvania, Delaware, Colorado, and Michigan**) than it does in others (e.g., **California, Wyoming, North Carolina, Alaska, Hawaii, and Texas**).

Finally student financial aid has been used--much more so in some states than others--to protect the financially needy from the tuition increases imposed at least partially to offset losses in state appropriations. The states that provide more than 10 percent of their state higher budgets to need-based student aid include **Vermont, New York, Illinois, Iowa, Pennsylvania, and New Jersey**. They are mostly east of the Mississippi River. These are states with substantial private sectors and long histories of funding students directly through need-tested student financial aid grants.

The states that allocate less than 1 percent of their higher education budgets to need-based student financial aid are **Wyoming, Nevada, Hawaii, Montana, Mississippi, Idaho, Arizona, South Dakota, and Nebraska**, and most are located west of the Mississippi River.

State Budget Outlooks

As **State Policy Reports** has reported recently:

State finances are in poor shape, with little prospect for immediate improvement without decisive corrective action by state officials.

The conditions that are adversely affecting state finances that have not yet been fully addressed include economic stagnation, sharply rising workloads in state programs, a resumption in elementary/secondary school enrollment growth, lack of growth in federal program funding, and federal mandates increasing local government costs.

The circumstances in the states that have delayed decisive corrective action include fear of voter reaction before the 1992 elections, hope for rescue through economic recovery, temporary rescues such as retroactive Medicaid claims, reduction in pension funding obligations from the growth in the stock market, rising taxable property values, and bridge financing. Most of these options will not be available to help the states through the 1994 fiscal year. As a measurable consequence, bond rating agencies downgraded state debt more so in 1991 than in any other year in the last three decades.

State Policy Reports has conducted its own assessment of the fiscal prospects of the states. It has grouped states into three groups. They are: 1) decent though tight conditions (17 states), 2) close to the national average, which is to say not good (15 states), and 3) bad straits, with untenable fiscal policies (18 states). Over half the nation's population lives in states in the third category.

The states in the first category that are most likely to have a relatively easy time preparing FY1994 budgets are: **Alaska, Arkansas, Colorado, Idaho, Indiana, Kansas, Kentucky, Minnesota, Montana, Nevada, New Mexico, North Dakota, South Dakota, Utah, West Virginia, Wisconsin, and Wyoming**.

The states in the second category are unlikely to be able to complete balanced FY1994 budgets without either significant spending reductions and/or tax increases. They include: **Arizona, Georgia, Hawaii, Illinois, Iowa, Michigan, Mississippi, Missouri, Nebraska, North Carolina, Ohio, Oklahoma, Tennessee, Virginia, and Washington**.

The performance of the economy in the third group of states is well below the national average. Their current fiscal policies appear to be untenable. These 18 states face the most serious fiscal issues: **Alabama, California, Connecticut, Delaware, Florida, Louisiana, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, South Carolina, Texas, and Vermont**.

State Report Cards

States fund postsecondary education opportunity differently. Some pursue high tuition/high financial aid models. Others prefer low tuition, with generous institutional funding and modest student aid programs. A few do not seem to be aware of what they are doing, or not doing. A review of the performance of some states suggests which are working for and against opportunity for postsecondary education and why.

Best cases: Several states appear to understand the key concepts in financing postsecondary education opportunity: Not all students are equally deserving of limited state resources, and if tuition is increased then states must also increase state student aid funding for those who are certified financially needy.

Those states that allocate 10 percent or more of state tax funds for higher education have some appreciation of the financial needs of their students. These states include (with the percent of state funds allocated to student grants in parentheses) are: **Vermont** (20%), **New York** (17%), **Illinois** (12%), **Iowa** (11%), **Pennsylvania** (11%), and **New Jersey** (11%). Other states are close behind: **Rhode Island** (8%), **Minnesota** (8%), **Oklahoma** (7%), and **Connecticut** (7%). All were well above the national average of 5.8 percent in FY1992.

Other states appear to be linking state grant programs and making college affordable to a broader share of the state's population. One example appears to be **Louisiana**. Between FY1991 and FY1992 state appropriations to institutions *decreased* by $11 million, while state grant funding increased by $10 million. State grants went from 0.8 percent of state funds for higher education in FY1991, to 2.6 percent in FY1992. Other states shifting state funding from institutions to needy students included **Arkansas, Kentucky**, and other states with small gains.

Worst cases: The problems states are having funding higher education opportunity in the 1990s are reflected in three decision areas: enrollment limits, unfunded enrollment increases, and college attendance cost increases not covered by increases in state financial aid funding.

Enrollment limits were pioneered and perfected in the state of **Washington**. Enrollment limits were imposed in 1981 during a sharp downturn in the state's economy. Two years later when the Washington economy recovered the enrollment limits were kept in place. Between 1980 and 1989, while enrollments in public higher education institutions *increased* by 11 percent nationally, in Washington they *decreased* by 20 percent. Washington is a net importer of population. So if Washington's enrollments had increased at just the national rate between 1980 and 1989, there would have been 85,600 more students enrolled in Washington public colleges and universities in 1989 than there were.

To Washington's credit, state political and education leaders have recognized their neglect of opportunity during the 1980s and are now working on solutions, both in raising enrollment limits in public institutions and expanding funding of the state grant programs to address affordability issues. Serious fiscal problems in the state will test the seriousness of this commitment, however. Reallocation of existing resources might be required to restore opportunity because new resources appear to be committed to other state needs.

The **Western Interstate Commission on Higher Education** (WICHE) has studied enrollment limits in the 16 western states. In the summer/fall of 1990, WICHE found enrollment limits in place in five states. Enrollment limits had been in place for many years in public four-year institutions in **California, Colorado, and Washington**. **Oregon** adopted enrollment limits in 1989, and **North Dakota** followed in 1990.

In addition five other WICHE states were considering enrollment limits of varying degree and definition due to concerns for quality at current funding levels. These states were: **Arizona, Minnesota, Montana, Nevada, and Utah**.

Wisconsin has had "managed" enrollments since 1986. Staff studies of enrollment rates in Wisconsin suggest that enrollments have been more reallocated across campuses than denied access. However, Wisconsin's share of the national total of public higher education enrollments dropped slightly between 1986 and 1989 when enrollment limits were imposed at high-demand campuses.

We are not aware of other studies of the consequences of limiting institutional enrollments on postsecondary education opportunity. Someone, we think, should be counting the number of students who are turned away from colleges and universities due to state or institutionally imposed enrollment limits. Denying student-chosen higher education opportunity is, after all, what enrollment limits mean.

Unfunded enrollment increases have been reported by the press mostly on the coasts (where the recession is worst). Here the evidence is more anecdotal. But the concerns of institutions fearing enrollments beyond resources available to accommodate them appear to be well founded.

Newspaper accounts from **Maryland** and **California** document what goes wrong in students' academic experiences when students are admitted without regard to institutions' financial resources to provide qualified faculty, classrooms, laboratory and library resources, and other services necessary to fulfill academic expectations specified in college catalogs.

While we have heard much (legitimate) anguish expressed over concerns for preserving quality in higher education during an era of rising student demand and stable state funding, there appears to be little policy analysis of the consequences of over-enrollment/under funding, especially on the academic experience of students seeking higher education opportunity.

College attendance cost increases not covered by financial aid increases have proceeded throughout the 1980s without much attention by federal or state policy makers. Growing levels of unmet financial need have been one result.

The current economic recession has stimulated student demand for higher education as labor market alternatives have withered, often dragged down family financial resources to finance higher education, and inhibited willingness and ability to borrow to finance higher education investment decisions during a period of economic uncertainty

The response to the recession from the state side has included extraordinary tuition rate increases in public institutions, outright reductions in state funding of public colleges and universities, and sometimes further outright reductions in state funding for student financial aid. While most policy makers are aware that the federal government will *reduce* the maximum Pell Grant award available to the poorest students by $100 in 1993-94, not so clear is the reduction in state grant funding at the same time that tuitions in public institutions have been raised.

During the last two years, the worst examples among the states have been **Massachusetts and California**. In 1991-92 during a severe state fiscal crisis, Massachusetts increased tuition charges in its public institutions by 23 to 26 percent, then cut state appropriations for its General Scholarship recipients from $46 million to $23.7 million. Massachusetts also eliminated an additional $1.9 million in student aid grants for part-time students, and lost $2 million in federal student aid money when it failed its "maintenance of effort" requirement for the federal funds.

For 1992-93, again during a severe state fiscal crisis, California reduced its state support for public institutions. This led to tuition increases in those institutions ranging from 22 to 35 percent. However, the state *reduced* funding for its state grant programs by 15 percent or $25 million, and the California Student Aid Commission compounded difficulties for students by reducing all state student aid awards by 15 percent. This meant that the neediest students with the largest grants were asked to take the largest dollar reductions in their state grants.

Other states have pursued this strategy to save money by both increasing tuitions in their public institutions and reducing appropriations for their state student grant programs, although in significantly less draconian fashion. These states are listed below, with first the percentage increase in tuitions charged in their state flagship university followed by the percentage reduction in state funding for their state grant program between FY1991 and FY1992.

Alabama	+7.0%/-8.8%
Arizona	+3.2%/-0.2%
Connecticut	+17.0%/-0.5%
Georgia	+4.0%/-0.7%
Iowa	+8.5%/-2.6%
Missouri	+22.4%/-0.9%
North Carolina	+14.7%/-0.9%
Rhode Island	+20.3%/-5.2%
South Carolina	+5.0%/-5.2%
Tennessee	+4.6%/-2.6%

Apparently, these states do not understand that many students in their institutions have applied for and demonstrated financial need to be able to attend college. The National Postsecondary Student Aid Study for 1990 tells us that 28 percent of the students enrolled in public two-year colleges received aid to attend college, and 43 percent of those in public four-year colleges and universities received financial aid to attend.

We will update the above data for 1992-93 when it becomes available. However, preliminary indications from the **Grapevine** survey of state appropriations for fiscal year 1993 suggest that states in fiscal difficulties are still cutting funding for state student aid programs. The preliminary state list for 1992-93 includes: **Alaska, California, Iowa, Massachusetts, New Hampshire, North Carolina, Rhode Island, and South Carolina**.

As states make plans for financing postsecondary education opportunity for 1993-94, they will face the grinding realities of stagnant economies and tax revenues, growing social program demands for state funding, and imperatives to broaden postsecondary education. The conflicts are between the present and the future. The problems of the present can often be blamed on neglect in the past. Quite likely, the problems in the future will also be blamed on our neglect of the challenges facing us today.

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Postsecondary Education OPPORTUNITY

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 9 **Iowa City, Iowa** **January 1993**

Focus on the States . . .

Chances for College by Age 19 Show Strong Geographic Patterns

Despite the preoccupation with federal student financial aid programs, the major public policy decisions that determine postsecondary opportunity--capacity, quality, and affordability--are still all made at the state level. As state legislatures convene and governors announce their budget proposals and priorities for the 1993-94 academic year, we analyze opportunities for college by state.

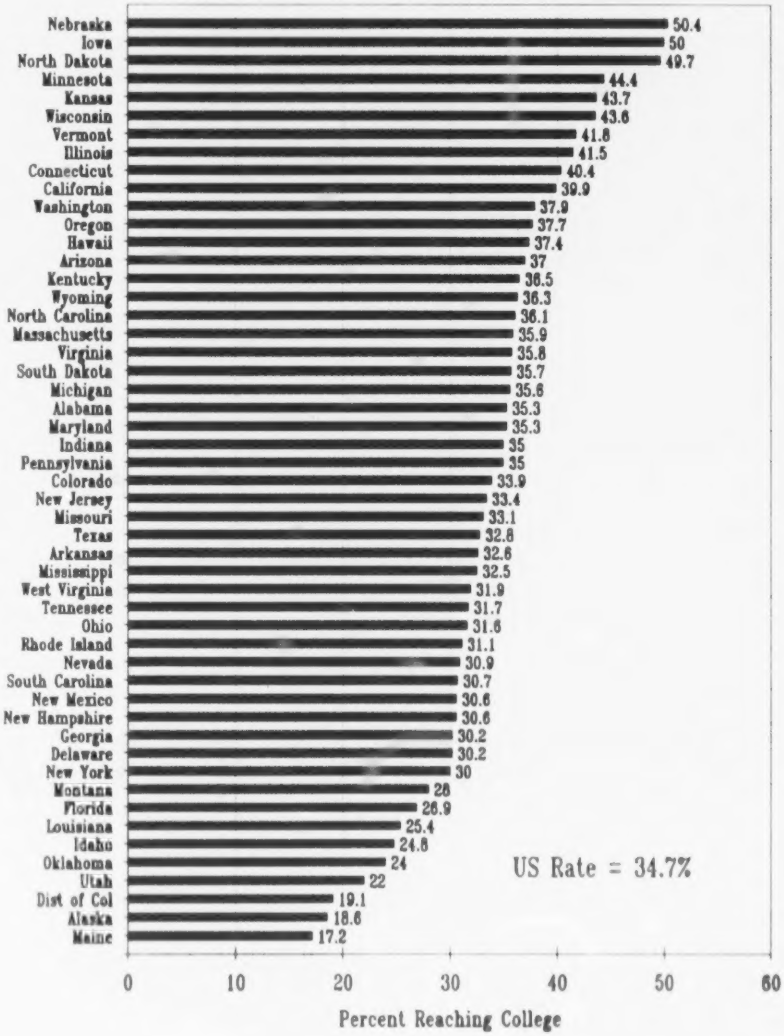
In these analyses, chances of entering college by age 19 are the product of both state high school graduation rates, and college continuation rates for those who graduate from high school and enter college the following fall. States that are high in one may not be high in another. Here, we begin by combining the two to determine one's chances for college by age 19, then look at each component rate--high school graduation and college continuation--separately.

Data used were obtained or estimated from data collected from the states by the **National Center for Education Statistics**. *Much of the raw data appears in the current edition of the* **Digest of Education Statistics**. *NCES has not released residence and migration enrollment data from the IPEDS data file collected after 1968.*

Chance for College by Age 19

To reach college by age 19 one must both graduate from high school and then continue on into college

Chance for College by Age 19
by State, 1988



immediately after high school. Thus, one's chances for enrolling in college immediately after high school are the product of the state's high school graduation rate and the state's college continuation rate. This chance is approximately the proportion of each state's population of 19 year olds that have enrolled in college.

The national rate for the class of 1988 was 34.7 percent, up from 31.5 percent in 1986.

The spatial pattern is clear: chance for college by age 19 is highest in the upper midwest, with at least half reaching college in **Nebraska** and **Iowa,** and more than 40 percent reaching college in **North Dakota, Minnesota, Kansas, Wisconsin, Vermont, Illinois,** and **Connecticut** in 1988. Pacific states are close behind: **California, Washington, Oregon, Hawaii** and **Arizona**.

All of these states except two have high school graduation and college continuation rates that were above the national average in 1988. The two exceptions were **California**, with a below average high school graduation rate, and **Hawaii** with a below average college continuation rate.

In 1986 top ten states were similar to the above list. The top ten in 1986 were:

North Dakota	48.6%
Nebraska	47.0%
Iowa	43.3%
California	40.5%
Wisconsin	39.9%
Connecticut	39.9%
Kansas	39.8%
South Dakota	39.6%
Massachusetts	37.6%
Minnesota	37.6%

The available data present a less clear picture of states with the smallest proportions of their 19 year olds enrolled in college. Four states ranked in the bottom ten in both 1986 and 1988 and have no known statistical limitations (although other limitations may cloud these estimates and rankings). These four states are: **Maine, Alaska, Utah,** and **Montana,** plus the **District of Columbia**.

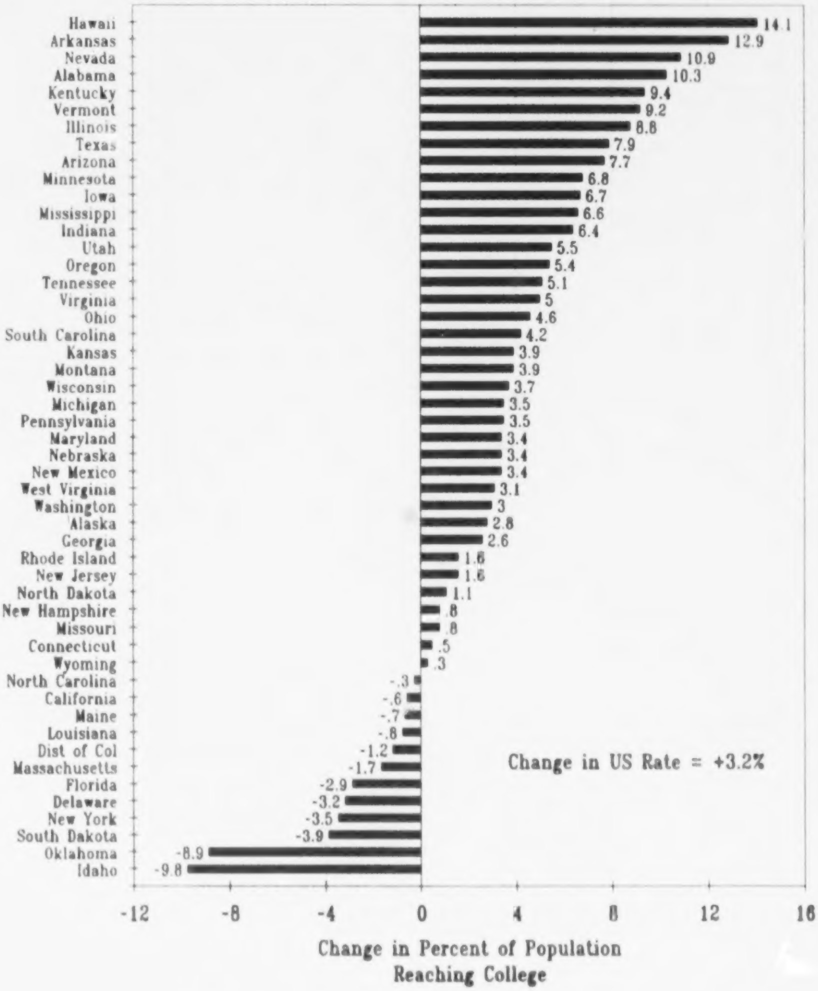
Change in Chances: 1986-1988

Between 1986 and 1988, changes in chances for reaching college by age 19 increased overall by 3.2 percent across the states. (For this analysis, **Colorado** was dropped due to inadequate 1986 data.)

Hawaii, Arkansas, Nevada, and **Alabama** all had increases of more than 10 percent. Thirty eight states had increases, and 27 of these were greater than the increase across all states.

At the other end of the spectrum, 12 states had decreases in the proportion of their populations reaching college by age 19. **Oklahoma and Idaho** had the largest declines at about 9 percent each. Each had declines in both high school graduation and college continuation rates.

Change in Chance for College by State
Between 1986 and 1988



High School Graduation

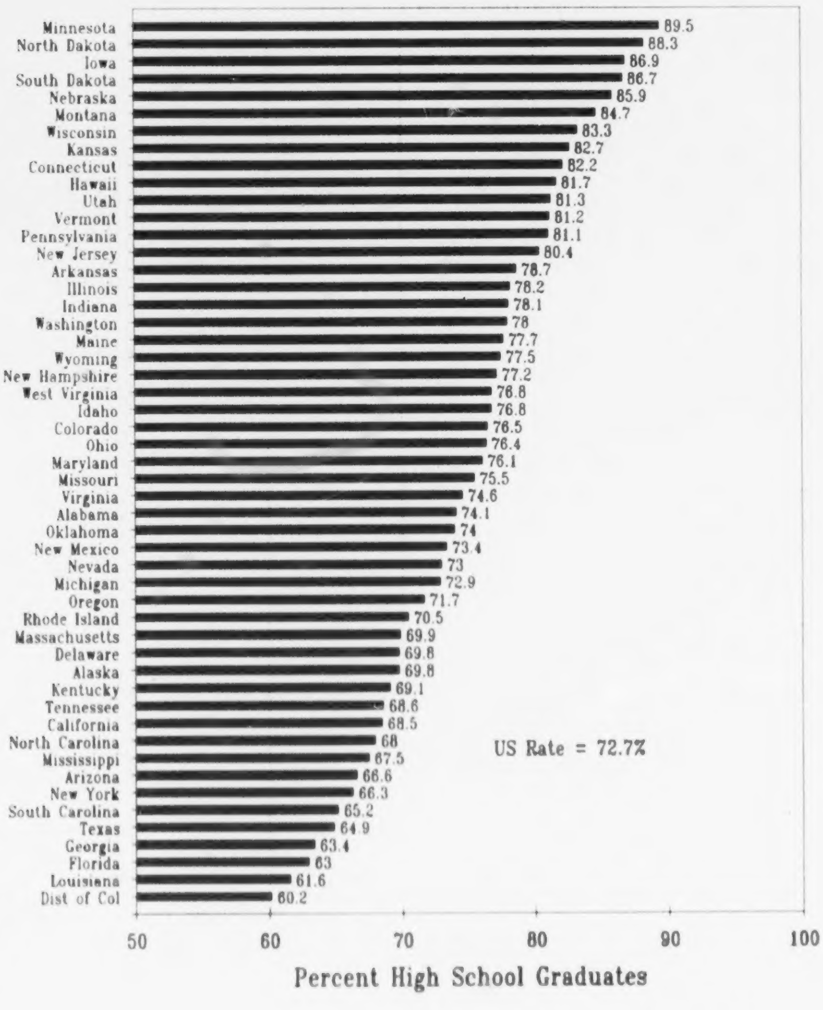
The first step toward college is high school graduation. Calculation of these rates for each state should be a straightforward process: divide the number of high school graduates by the number of ninth graders three years earlier, which is usually the last year of compulsory school attendance laws. But its not that simple: non-public enrollments and graduates are not available for all states, students migrate into and out of states during their high school years, and some enrollments are ungraded.

The calculation of high school graduation rates by state is currently in transition as a part of the effort to determine how national education goals are to measured at the state level.

The state high school graduation rates prepared by the **U.S. Department of Education's Office of Planning, Budget and Evaluation** (OPBE) and that were published on the "Wall Chart" do not include private high school data and make limited adjustment for net migration during senior high school years. The calculation of these rates was dropped after 1988.

Another set of state estimates are prepared by the **National Center for Education Statistics** (NCES). These

Public High School Graduation Rate
By State, 1988



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OPPORTUNITY
P.O. Box 127
Iowa City, Iowa 52244
Phone (voice/fax): (319) 351-4913

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Editor and Publisher
Thomas G. Mortenson
TIN: 470520190

Mission Statement

This newsletter is founded on two fundamental beliefs. First, sound public policy requires accurate, current, independent, and focused information on the human condition. Second, education is essential to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for all Americans.

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NCES graduation rates are also limited to public school enrollments, and are simply the number of public high school graduates during any given academic year divided by the number of public school ninth graders three years earlier. This approach misses net interstate migration and ungraded enrollments. For many states these omissions do not produce significantly different estimates of high school graduation rates. However, the differences between OPBE and NCES estimates of public high school graduation rates were more than 5 percent for **Hawaii, South Dakota, Arizona, Florida,** and **Wyoming**.

The chart produced on page 3 is based on the NCES calculation of public high school graduation rates which is not adjusted for migration or ungraded enrollments.

College Continuation Rates

The college continuation rate is calculated for each state by dividing the number of first-time college freshmen from the state that have graduated from high school during the previous twelve months, by the high school graduates in that state.

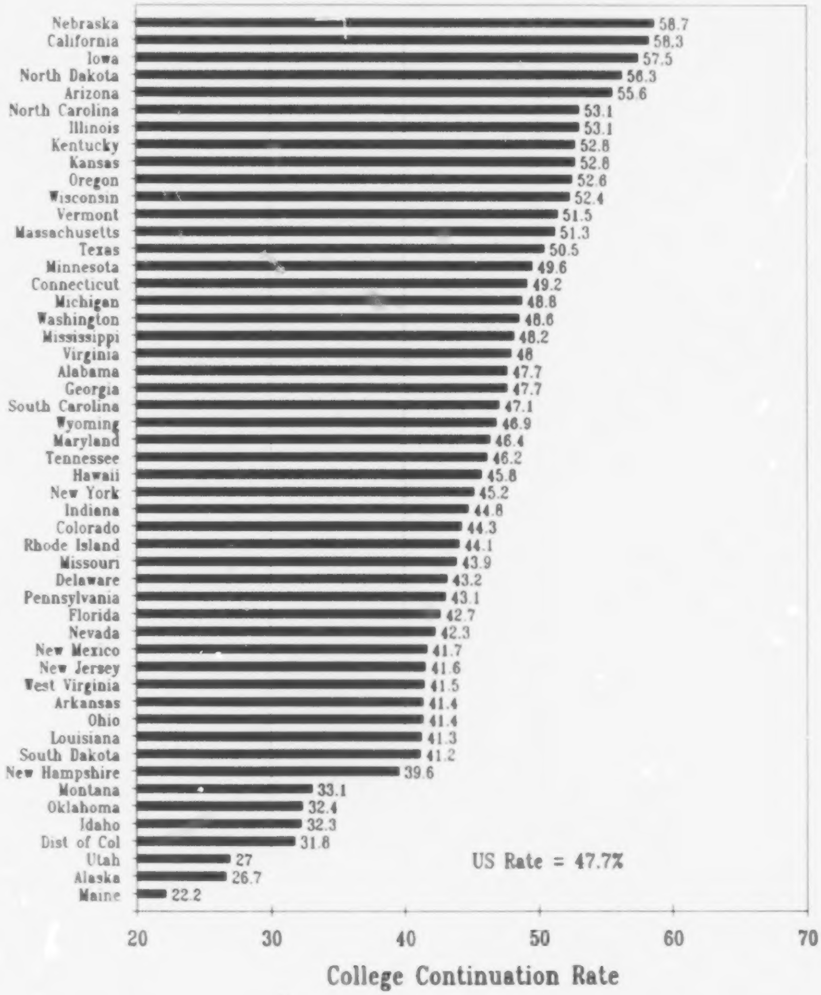
The number of first-time college freshmen from a state is the sum of those entering a college in their own state plus the number who emigrated to and were reported by another state in the IPEDS survey. The number of high school graduates for each state is the sum of the reported public high school graduates plus the editor's estimate of private high school graduates for the state. All data, plus the numbers for the estimate of private high school graduates, are published by NCES in the **Digest of Education Statistics**. Data are also available from this newsletter on request.

College continuation rates for those who graduated from high school during the previous twelve months are shown by state for 1988 in the figure below. Overall, for 1988, 47.7 percent of the high school classes of 1988 entered college in the fall of 1988.

College continuation rates varied by state from a high of 58.7 percent in **Nebraska**, to a low of 22.2 percent for **Maine**.

Because the college continuation rate is calculated off the base of each state's high school graduates, a low high school graduation rate can make it easier to achieve a high college continuation rate. An obvious example of this is **California** which in 1988 had a high school graduation rate that was between 3 and 6 percent below the national average (depending on whether one used NCES or OPBE estimates of California's high school graduation rate.) The state's college continuation rate was 58.3 percent in 1988.

College Continuation Rates by State
1988



Other states that had below average high school graduation rates and above average college continuation rates in 1988 included: **Oregon, Massachusetts, Kentucky, North Carolina, Mississippi, Arizona,** and **Texas.**

Twenty states had above average high school graduation rates and below average college continuation rates in 1988. Notable among these was **Maine**, which ranked 19th in high school graduation rates but 51st in college continuation rates in 1988. (Maine displayed a similar pattern in 1986 data.)

College Continuation Change

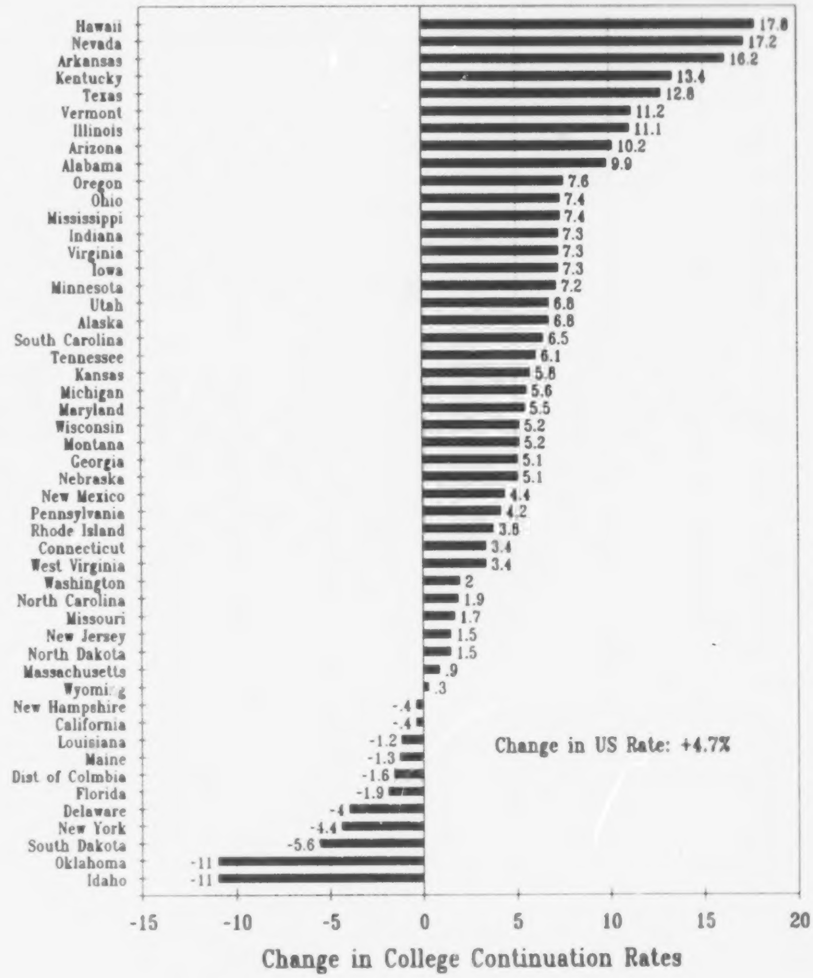
Between 1986 and 1988 there was change in the college continuation rates calculated for each state. (Adequate data were not available for Colorado for 1986.) These data are plotted to the right.

Most of the states with the greatest changes in college continuation rates--with gains of losses--are relatively small states, and thus subject to relatively large influence in small number changes.

For all of the top ten gainers, the increase in state college continuation rates between 1986 and 1988 resulted from large gains in state residents enrolled in higher education institutions within the state. In a few states, these gains may be attributable to improved IPEDS reporting between 1986 and 1988, e.g. **Texas** and **Arkansas**.

In other states very high participation in the 1986 IPEDS survey suggests that the measured gains were real. These states, with high 1986 IPEDS participation, were **Illinois, Oregon,** and **Vermont.** In the remaining states, improved IPEDS survey participation could have played some role in these gains, although substantial real gains are also possible and even likely.

Change in College Continuation Rates
by State Between 1986 and 1988



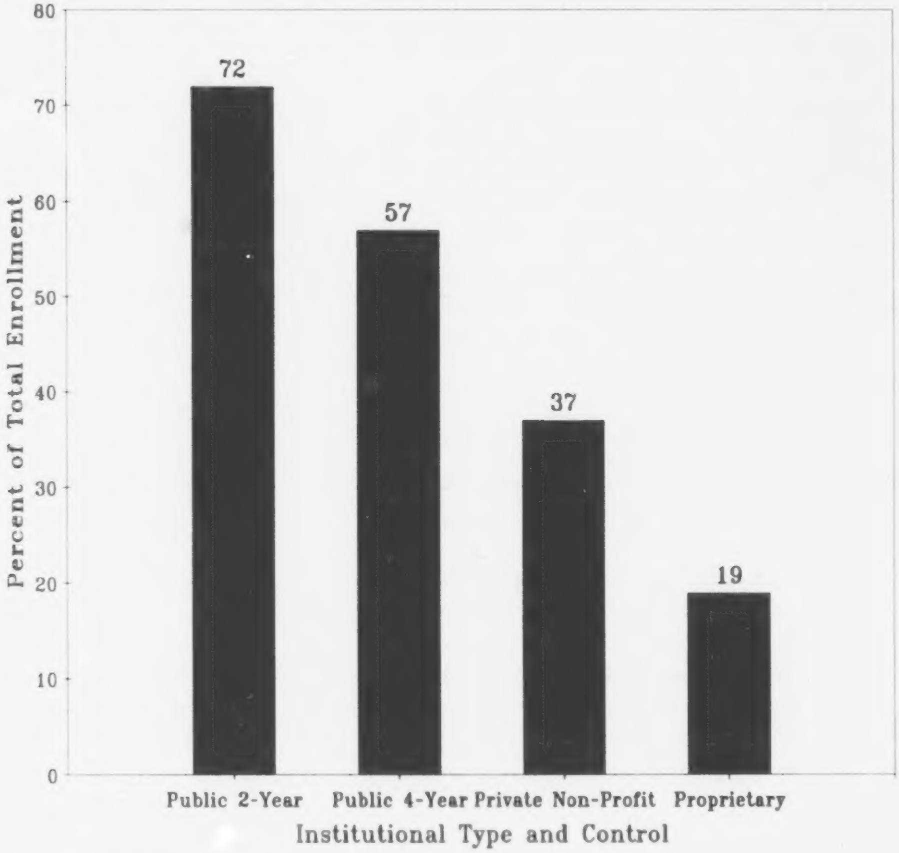
Similarly, the sharpest drops in college continuation rates between 1986 and 1988 occurred in states--**Idaho** and **Oklahoma**--that reported sharp drops in the enrollment of state residents in higher education institutions within their states. The drop could have been real, or the result of poor IPEDS survey reporting from within these states.

Further analysis of college continuation rates for 1990 will depend on NCES addressing edit problems in the 1990 residence and migration enrollment file. Currently that file has not been released.

However, when 1992 IPEDS survey results become available, **OPPORTUNITY** will update this report on a state-by-state basis. These data will provide some insight on how states have addressed capacity, quality and affordability issues in the 1990s.

Think about this for a while . . .

Students Enrolled in Postsecondary Education
Not Receiving Student Financial Aid
1989-90 Academic Year



Source: 1990 NPSAS, via The College Board.

The Illinois Story . . .

A Brief History of Student Aid

The ***National Center for Education Statistics*** *and* ***The College Board*** *each have made important efforts to comprehensively describe the national student financial aid system. The College Board's efforts appear annually in their publication* **Trends in Student Financial Aid**. *This report focuses on dollars made available by source and program. The NCES efforts are focused on massive, expensive national surveys focused so far on the 1987 and 1990 academic years. These two sources provide uniquely valuable national information for those who seek to understand the broad scope of student financial aid.*

But some states have compiled extensive data bases over many years on the amount, source, type, and destination of student aid received by students in their states. ***Washington*** *and* ***Vermont*** *have "unit record" type data bases--similar to NCES's--on the financial aid received by individuals--particularly those students who receive state student aid awards. Other states collect and report more aggregated data on financial aid awards in their states.*

One state with a long record of compiling and reporting comprehensive student financial aid data is ***Illinois.*** *The Illinois Student Financial Aid Survey has been conducted since the 1972-73 academic and fiscal year. The* ***Illinois Board of Higher Education*** *has completed the FY1991 survey and recently the* ***Illinois Student Aid Commission*** *published a report based on this and prior surveys. The results provide a history of one state's use of financial aid to assist students and their families finance higher education attendance costs. That Illinois has been successful fostering higher education opportunity for its citizens is shown is shown in the charts on pages 4 and 5 of this newsletter.*

Because much of the financial aid used by Illinois students is available in all states, the Illinois survey results have meaning throughout the United States. One important exception to this is the Illinois Monetary Award Program--the second largest state grant program among the states. Also, data on Social Security Benefits which ended in August, 1985, and Veteran's benefits, which declined sharply after 1976, are not included in the Illinois survey. The following report describes the financial aid awarded to undergraduate students in Illinois public and private two-year and four-year colleges, universities, hospital schools, and proprietary institutions.

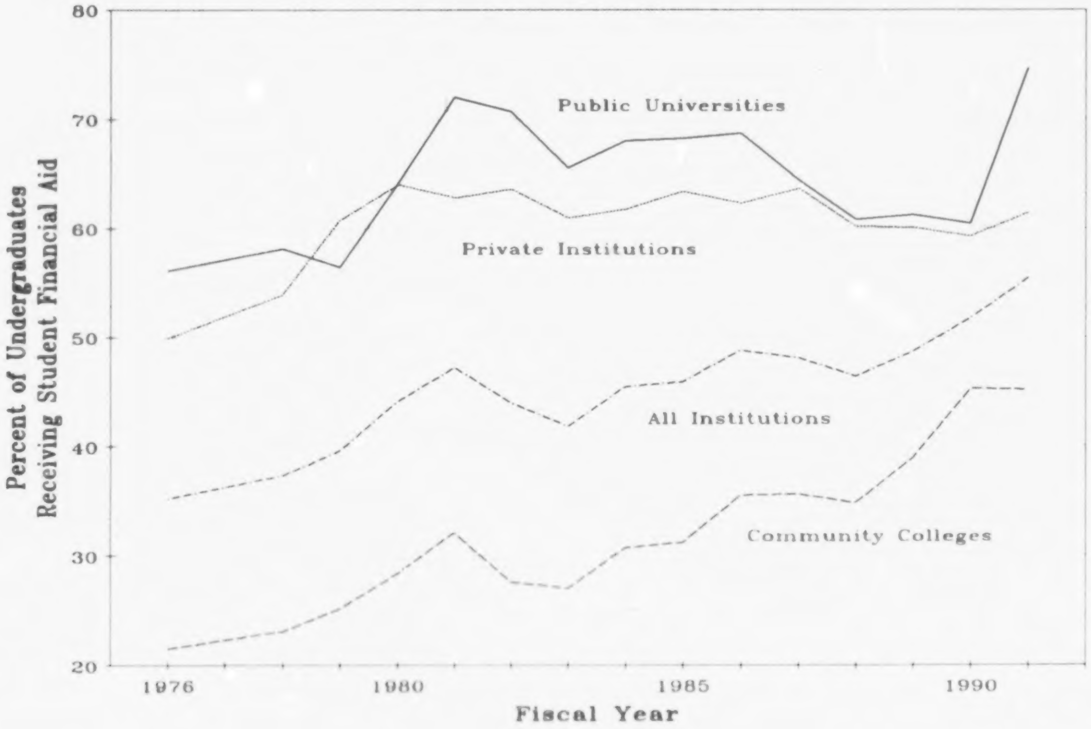
Aided Undergraduates in FY1991

In FY1991, 347,122 undergraduates in 184 Illinois institutions received $967,700,000 in student financial aid. Over half--55 percent--of all undergraduates received some form of financial aid. In FY1978, just 37 percent of all Illinois undergraduates received financial aid to attend college. Throughout the 1980s, the proportion ranged between 42 and 48 percent, then increased to 52 percent in FY1990 and reached over 55 percent in FY1991.

Although Illinois undergraduate enrollment increased by 40,600 undergraduates between FY1978 and FY1991, the number of aided students increased by 131,500 during this same period of time. Growth in financial aid recipients exceeded enrollment growth by 1700 in private institutions, by 22,800 in public universities, and by 63,400 in community colleges.

The proportions receiving financial aid varied widely by type of Illinois institution attended: in public universities 75 percent received financial aid, compared to 45 percent of those in community colleges and 61 percent of those enrolled in private institutions. Since FY1978 the greatest growth has occurred

Illinois Undergraduate
Student Financial Aid Rate by Institutional Type
FY1976 to FY1991



in the community colleges, from 23 to 45 percent, and least in private institutions, from 54 to 61 percent. For those who received financial aid the average amount of aid received was $2788 per aided student in FY1991. The average amount of aid received was $2961 in public universities, compared to $919 in community colleges and $6480 in private institutions.

The proportion of Illinois undergraduates receiving financial aid by type is shown in the figure at the top of the next page. This chart includes gift aid (grants, scholarships, waivers), loans, and campus employment. Illinois students are more than twice as likely to receive gift assistance as they are either education loans or campus employment. Of those undergraduates who received financial aid in FY1991, 82 percent received gift assistance, 27 percent received education loans, and 21 percent had campus employment.

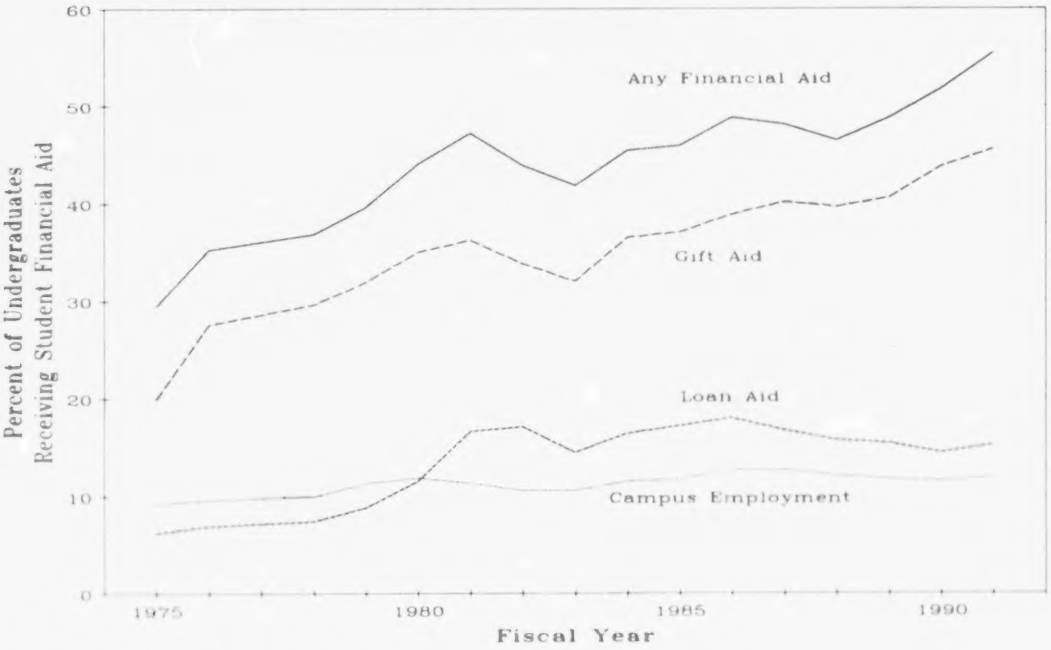
These proportions varied substantially between types of institutions attended. Aided community college students were most likely to use grant aid, and least likely to use loans and campus employment to finance their higher educations. In public universities, the proportion of aided undergraduates receiving gifts, loans, and campus employment were 64, 38, and 37 percent respectively. In community colleges the proportions were 93, 8, and 7 percent respectively. In private institutions the proportions were 86, 53, and 30 percent respectively.

Sources of Funds

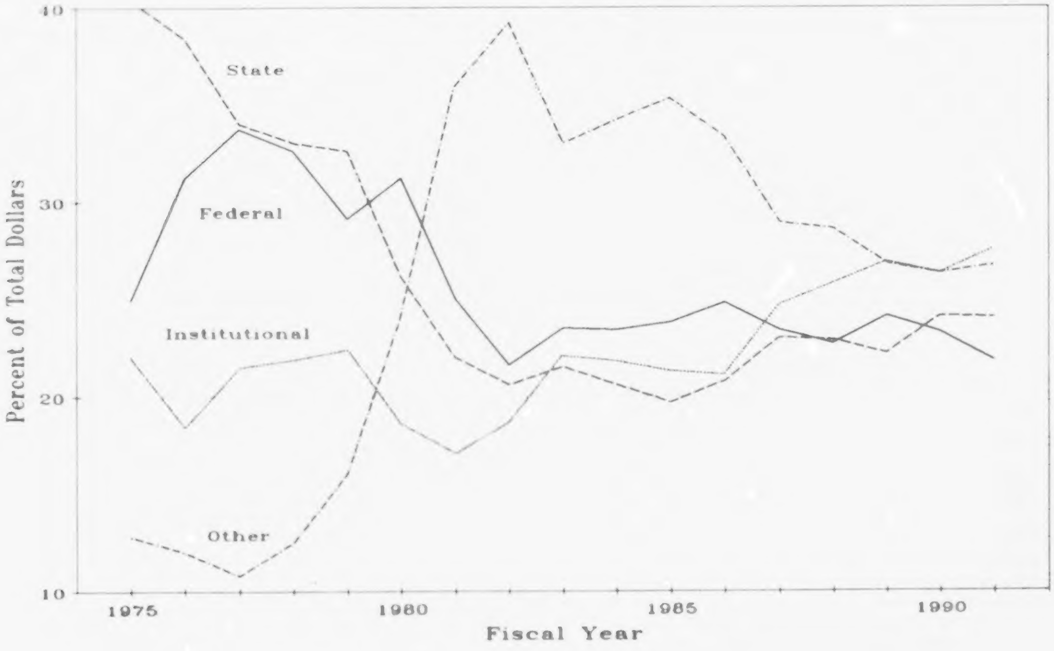
The Illinois Student Financial Aid survey tabulates institutionally reported student aid amounts by source of funds: federal, state, institutional, and other. Stafford, PLUS, and SLS loans are classified under "other" because private lending institutions provide capital for these loans.

The sources of Illinois undergraduate student aid dollars are shown in the figure at the bottom of the following page. Clearly, there have been many major shifts in sources of aid dollars over the last 17 years. First, the sources of aid dollars have become more balanced over this period. In the 1970s, the federal and state governments provided over two-thirds of the dollars. Since the late 1980s, however, each of the four sources has provided roughly similar amounts of financial aid

Illinois Undergraduate
Student Financial Aid Rate by Aid Type
FY1975 to FY1991



Illinois Undergraduate
Student Financial Aid by Source of Funds
FY1975 to FY1991



dollars for Illinois undergraduates. Second, the federal government's direct role as a source of aid dollars has declined sharply, from providing over a third of aid dollars received by students in FY1977 to about 22 percent by FY1991. Third, "other" aid providers--mainly banks making federally insured education loans--had their growth period limited to FY1977 to FY1982 when such loans grew from about 11 percent to about 39 percent of all aid dollars received by Illinois undergraduates.

Finally, one cannot help but note the growth in institutionally funded aid over the period of the Illinois student financial aid survey. These institutional funds were the least significant source of student aid dollars between FY1981-83, and the largest source by FY1990 and FY1991.

Gift Aid by Major Program

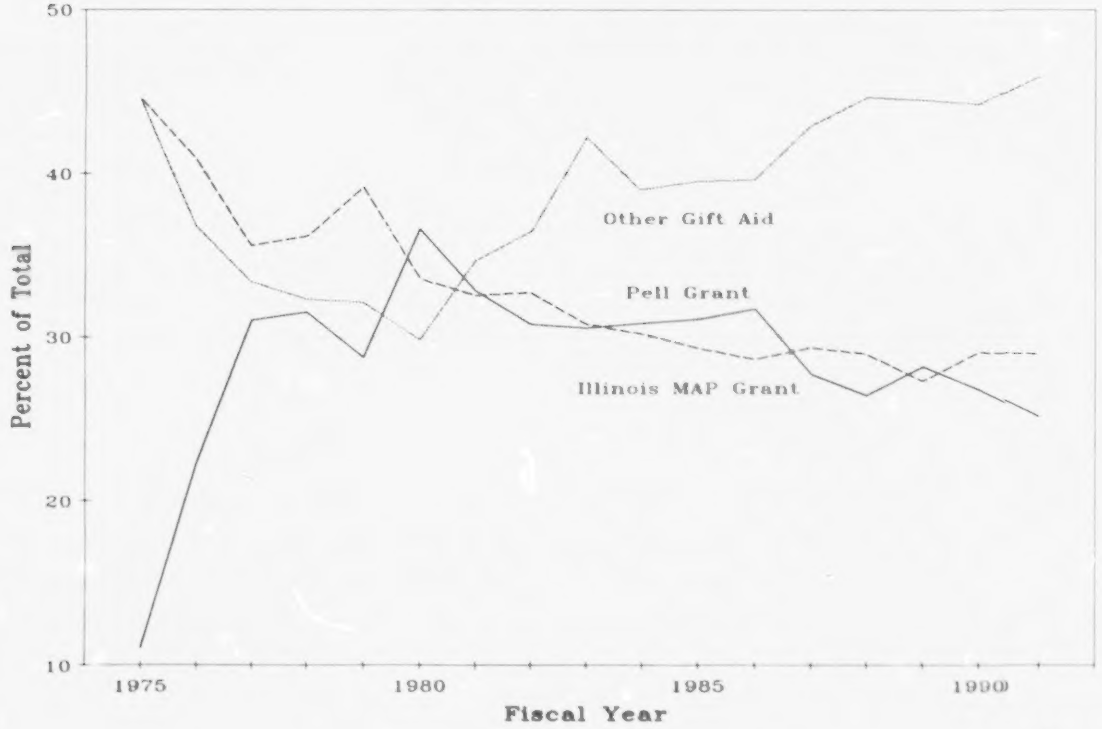
Illinois may be the only state where the state grant program provides more dollars to students than does the federal Pell Grant Program. In FY1991, Pell grants totaled $157.6 million, compared to $181.6 million in Illinois Monetary Awards. However, there were 119,500 Pell grant recipients compared to 114,400 MAP grant recipients. Pell Grants were spread across more students than were MAP grants. The sources of gift aid--grants, scholarships, and waivers--are shown in the figure on the bottom of this page.

Although Pell Grants and Illinois Monetary Award Program Grants are by far the largest gift aid programs available to Illinois students, both programs have provided a declining share of gift aid throughout the 1980s. Other sources of gift aid have grown from 30 percent of the total in FY1980 to nearly 46 percent by FY1991. Other sources provided 28 percent of the gift aid received by community college students in FY1991, 34 percent by public university undergraduates, and 58 percent by undergraduates in private institutions.

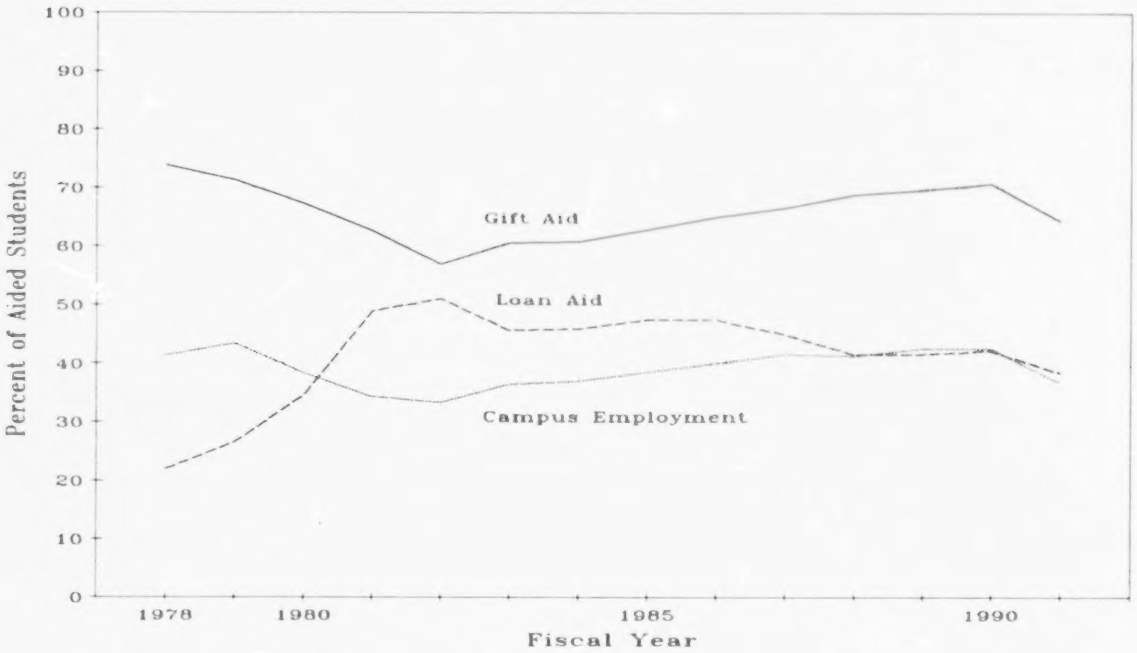
Financial Aid Packaging

The mix of gift aid, loans, and earnings from campus employment constitute the package of financial aid received by Illinois undergraduate students. These packages vary sharply not only over time, but also by type of institution attended.

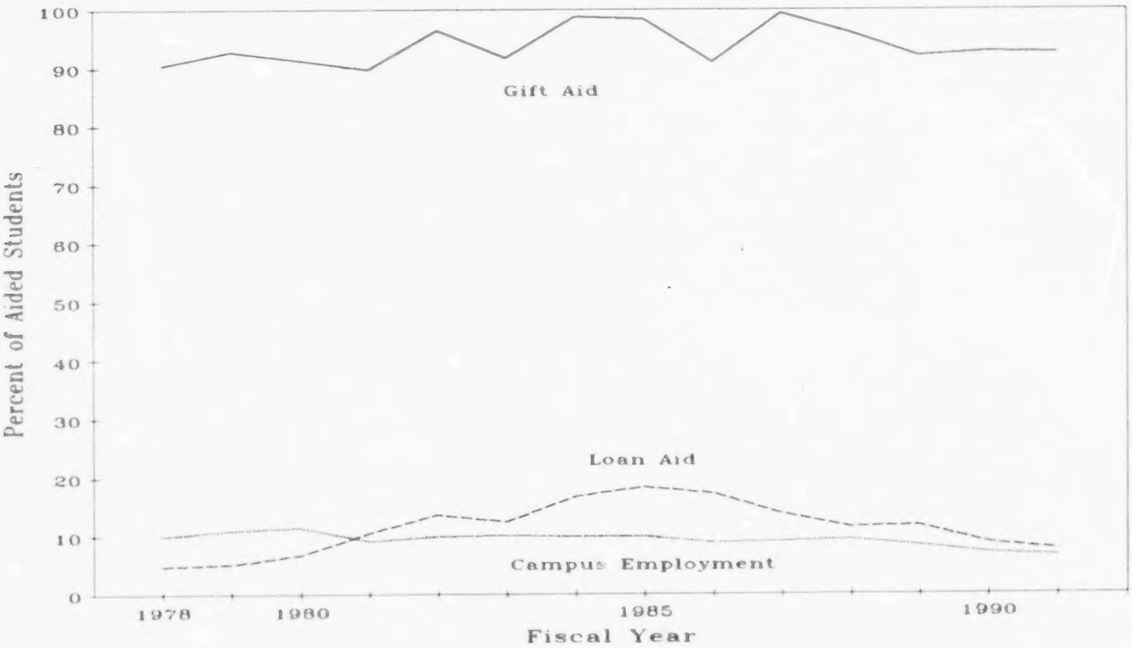
Illinois Undergraduate Gift Aid
by Major Program Source
FY1975 to FY1991



Illinois Public University Undergraduate
Financial Aid Packaging
FY1978 to FY1991

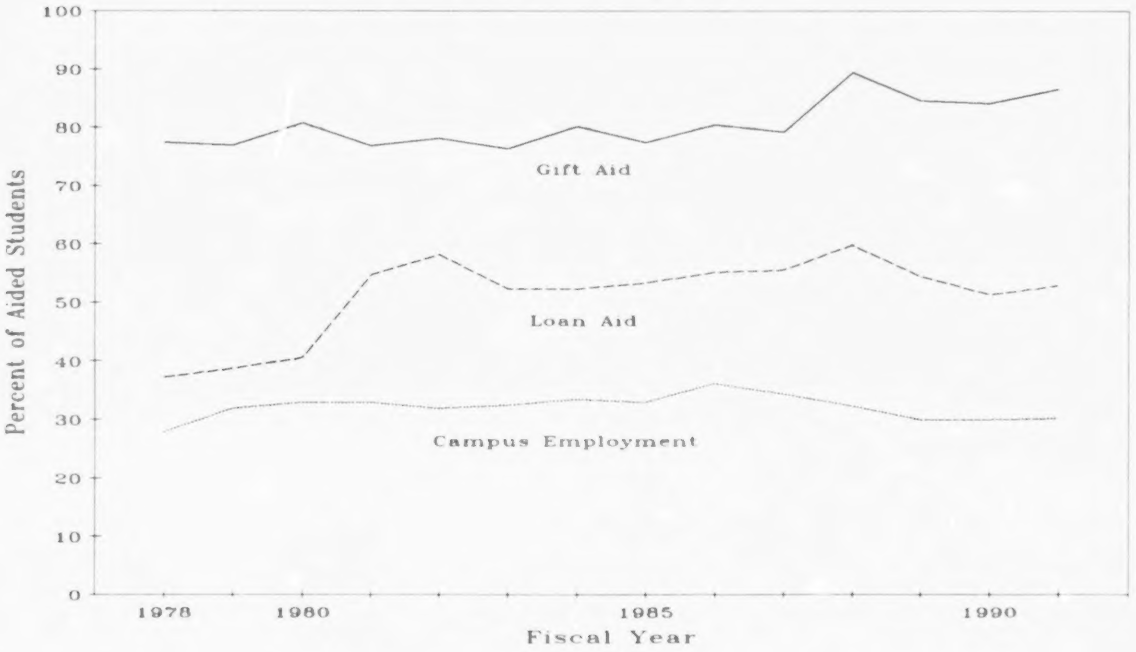


Illinois Community College
Financial Aid Packaging
FY1978 to FY1991



Across these three institutional types, community college students are most likely to receive gift aid, and least likely to receive either loans or campus employment. Undergraduate public university aid recipients are most likely to receive campus employment, and undergraduates who receive aid in private institutions are most likely to receive education loans as a part of their financial aid package.

Illinois Private Institutions
Financial Aid Packaging
FY1978 to FY1991



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Postsecondary Education **OPPORTUNITY**

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 10 **Iowa City, Iowa** **February 1993**

Education Equity Index Update . . .

No Progress for Blacks and Hispanics on Equity in 1992

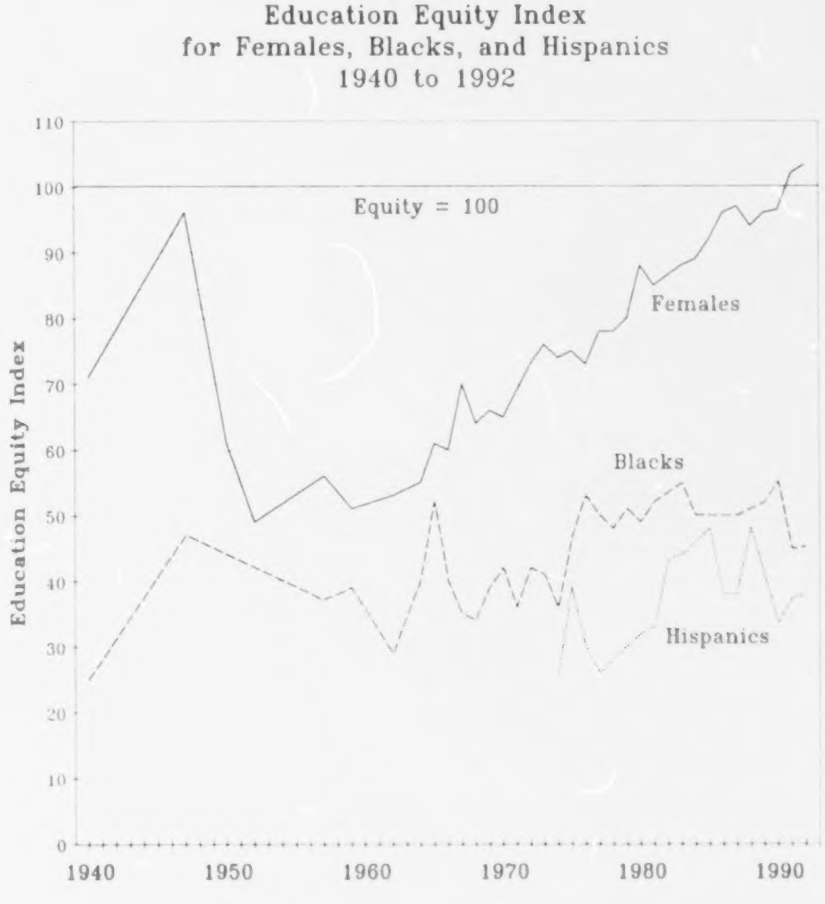
The goal of equality of opportunity drives both legal and financial dimensions of public policy to foster higher education opportunity for all Americans. In this issue of **OPPORTUNITY**, *we update and extend our first report on equality of educational attainment that was published in March of 1992.*

Data used in this report were collected by the Census Bureau in the Current Population Survey, last conducted in March of 1992. These data will be published in **Current Population Reports**, *Series P-20, under the title "Educational Attainment in the United States."*

The 1992 data differ from previous data in this series by definitions used. Prior to 1992, educational attainment was measured by years of school completed.

Beginning with 1992 data, educational attainment is measured by highest degree earned. Until 1992 completing four or more years of college was assumed to equal a baccalaureate degree. However, as students have taken more time to complete such degrees, this assumption lost validity. Thus, the Census Bureau decided to alter data collection to measure highest degree earned.

This change has modest effects on estimates of educational attainment that are not particularly important to the analyses reported here.


Education Equity Index
for Females, Blacks, and Hispanics
1940 to 1992

The Education Equity Index

Equality of educational attainment is measured here through the ratio of two populations' proportions having completed a baccalaureate degree or more by ages 25 to 29. For example, the Education Equity Index (EEI) for blacks is computed by dividing the proportion of blacks ages 25 to 29 with baccalaureate degrees or more by the proportion of whites of the same age and educational attainment. In March of 1992, when the Census Bureau administered the Current Population Survey, 11.3 percent of the blacks had baccalaureate degrees or more, compared to 25.0 percent of the whites. Dividing 11.3 by 25.0 yields 45.2. This is the EEI for blacks for 1992.

Expressed another way, blacks were 45.2 percent as likely as whites to earn a baccalaureate degree by ages 25 to 29 as were whites of the same age range in March of 1992.

Females. In 1992 women continued their march past men in educational attainment. Their EEI of 103.4 indicates that women were about 3 percent more likely than men to have completed at least a baccalaureate degree by age 25 to 29 than were men.

The 1992 EEI for women reflects more than 30 years of steady progress compared to men. As recently as the late 1950's, women were about half as likely as men to have completed four years or more of college by ages 25 to 29 years.

As reported in the May 1992 issue of **OPPORTUNITY**, the fundamental components of attainment--first high school graduation, then college entrance, and finally college completion--are all working in favor of women (and against men) currently. The high school graduation rate for females passed the rate for males in 1975 and the gap has widened since then. The college entrance rate for recent female high school graduates surpassed the rate for males in 1988 and the gap has widened steadily since then. Females lag males only in four-year college completion rates, but the historic difference has narrowed in recent years.

These trends all indicate that women's chances of having completed a baccalaureate degree by ages 25 to 29 will continue to progress well beyond the chances for males for several years to come. (A future issue of this newsletter will examine the puzzling question: What's wrong with men?)

Blacks. In this analysis, blacks are compared to whites. The Education Equity Index for Blacks stood at 45.2 in March of 1992. That is, blacks were less than half as likely as whites to have completed a baccalaureate degree by ages 25 to 29 as were whites.

The EEI for blacks in 1991 and 1992 is well below the Index range of 50 to 55 achieved between the mid-1970's and 1990. This fifteen-year period, while well short of equity with whites, still stood well above EEI's that ranged around 40 from 1950 to the mid-1970's.

The decline in the Education Equity Index for blacks is the inevitable result of deterioration in black high school graduation rates since 1985, declining college continuation rates since 1988, and declining four-year college completion rates since 1965, as reported in the September 1992 issue of this newsletter. Compared to whites, and unlike females, all of the fundamental components of baccalaureate degree attainment are working against blacks currently.

For the next several years the Education Equity Index for blacks will certainly decline. And unless and until the three components of attainment are reversed, the decline in baccalaureate degree attainment for blacks will continue indefinitely.

Hispanics. In 1992 the Education Equity Index for Hispanics stood at 38.0. That is to say, Hispanics were only 38 percent as likely as whites to have earned a baccalaureate degree by ages 25 to 29 in 1992.

The EEI for Hispanics in 1990, 1991, and 1992 was below the generally 40+ Index that existed during most of the 1980's, but above lower Index scores from the 1970's. Overall, Hispanics--like blacks--have lost ground in baccalaureate degree attainment in the 1990's compared to whites.

The Hispanic designation includes many smaller groups, including Mexicans, Cubans, Puerto Ricans, and Central and South Americans. Mexican-Americans constitute about 65 percent of the Hispanic population.

Postsecondary Education
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P.O. Box 127
Iowa City, Iowa 52244
Phone (voice/fax): (319) 351-4913

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Editor and Publisher
Thomas G. Mortenson
TIN: 470520190

Mission Statement

This newsletter is founded on two fundamental beliefs. First, sound public policy requires accurate, current, independent, and focused information on the human condition. Second, education is essential to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for all Americans.

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For Hispanics as a group, high school graduation rates, college continuation rates, and four-year college completion rates are all well below those for whites (or Anglos, who are whites less Hispanics). However, the high school graduation and college continuation rates for Mexican-Americans are well below those of other Hispanics, as reported in the December 1992 issue of this newsletter.

Unfortunately, the Census Bureau does not distinguish Mexican-Americans from other Hispanics when reporting on educational attainment in the Current Population Report. Thus, we cannot here explain all of the problems of educational progression for Mexican-Americans and other Hispanics separately.

The general findings for Hispanics are the following. First, high school graduation rates for Hispanics are low compared to whites and have shown little or no progress over the last 18 years. Second, high school graduation rates are lower for Mexican-Americans than they are for other Hispanics.

Third, college continuation rates for high school graduates are now lower for other Hispanics than they are for whites, although they were higher than those for whites between the mid-1970's and the mid-1980's. Moreover, they are declining for other Hispanics.

Fourth, for Mexican-American high school graduates, there were sharp increases in college enrollment rates in 1990 and 1991. Finally, college completion rates for Hispanics have declined compared to whites over the last decade.

Combined, these findings suggest that the Education Equity Index for Hispanics is unlikely to improve over the next several years.

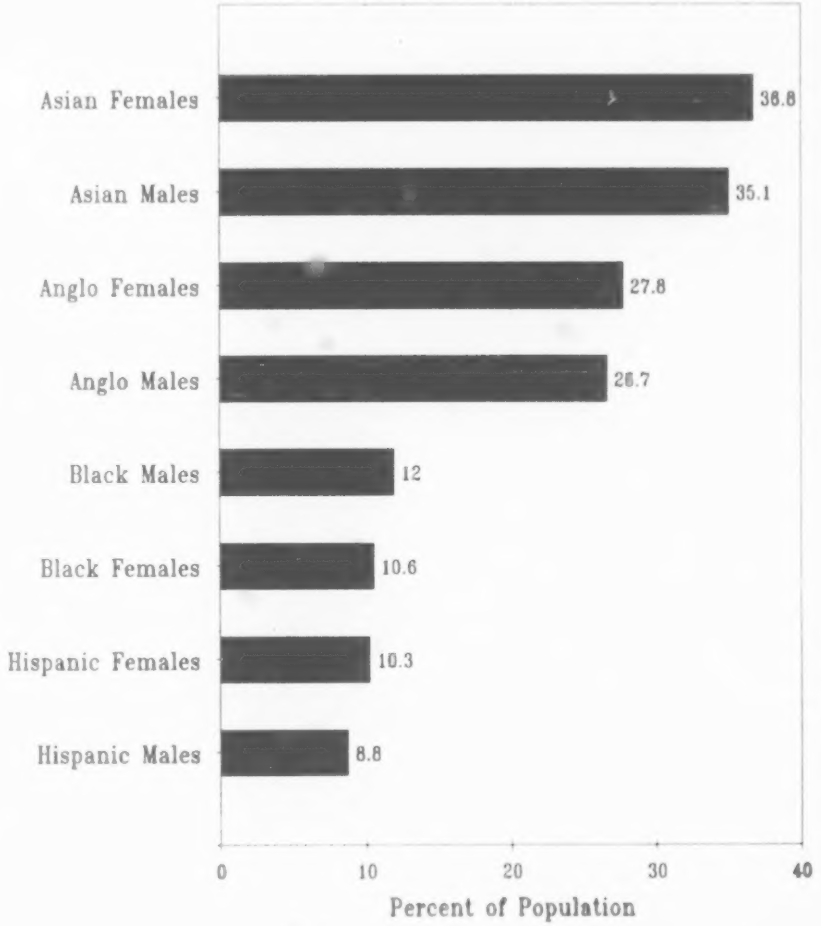
Bachelor's Degree Attainment

The proportion of each gender by racial/ethnic group ages 25 to 29 years with a baccalaureate degree or greater in March of 1992 is shown in the figure below. Although Asians are not reported directly by the Census Bureau, estimates of educational attainment can be deduced from published data. Likewise, assuming all Hispanics are white, Anglos can be distinguished from Hispanics.

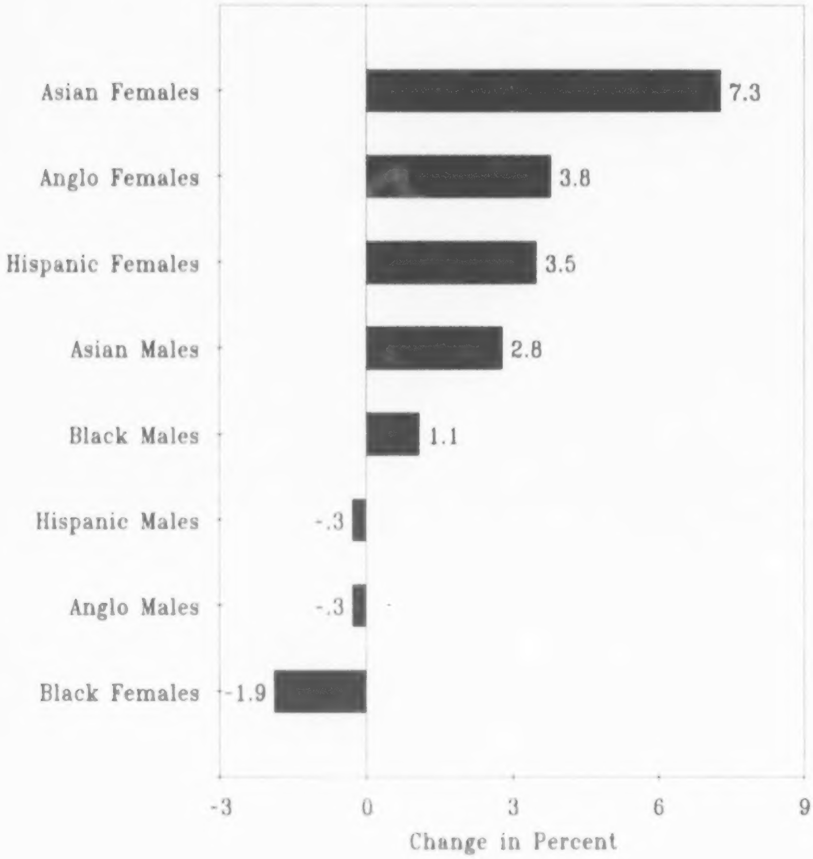
The results show huge differences in the proportions of 25 to 29 year olds with at least a baccalaureate degree. The range is from 8.8 percent of Hispanic males, to 36.8 percent of Asian females.

In 1992 the greater differences were not between genders, but between different racial/ethnic groups of the population. Generally, males and females are paired by race/ethnicity in the following chart. In each case--except for blacks--females were slightly more likely than males to have earned a baccalaureate degree or more by ages 25 to 29 years.

Percent of Populations Ages 25 to 29
with Bachelor's Degree or More
1992



Change in Percent of Populations Ages 25 to 29
with Four Years or More of College
Between 1980 and 1991



Between 1980 and 1991 there were substantial changes in chances of individuals within different population groups of completing four years or more of college by the time they were 25 to 29 years of age.

(In this case we limit our analysis to the period before the Census Bureau's change in definitions of educational attainment beginning in 1992. The definitions used through 1991 were consistent.)

The clear winners were generally females--Asian, Anglo, and Hispanic. Black females, however, were also the largest losers during this period.

The only male racial/ethnic group to show much change between 1980 and 1991 was Asian males. Black males showed a smaller gain, but both Hispanic and Anglo males showed very slight losses.

Degree Attainment by Age

Younger age groups in most populations are more likely than older groups to have completed at least a baccalaureate degree. Largely this is a reflection of the great and continuous expansion in higher education enrollments since the end of World War II. If this expansion in enrollments continues, the general patterns shown in the charts on the next page will continue.

By gender the following chart clearly shows the relatively recent gains in educational attainment by American women. Through ages 35 to 39 years, men and women are roughly equal in educational attainment. However, by the age cohort of 40 to 44 years, males are considerably more likely than females to have completed at least a baccalaureate degree. This advantage widens through ages 50 to 54 years.

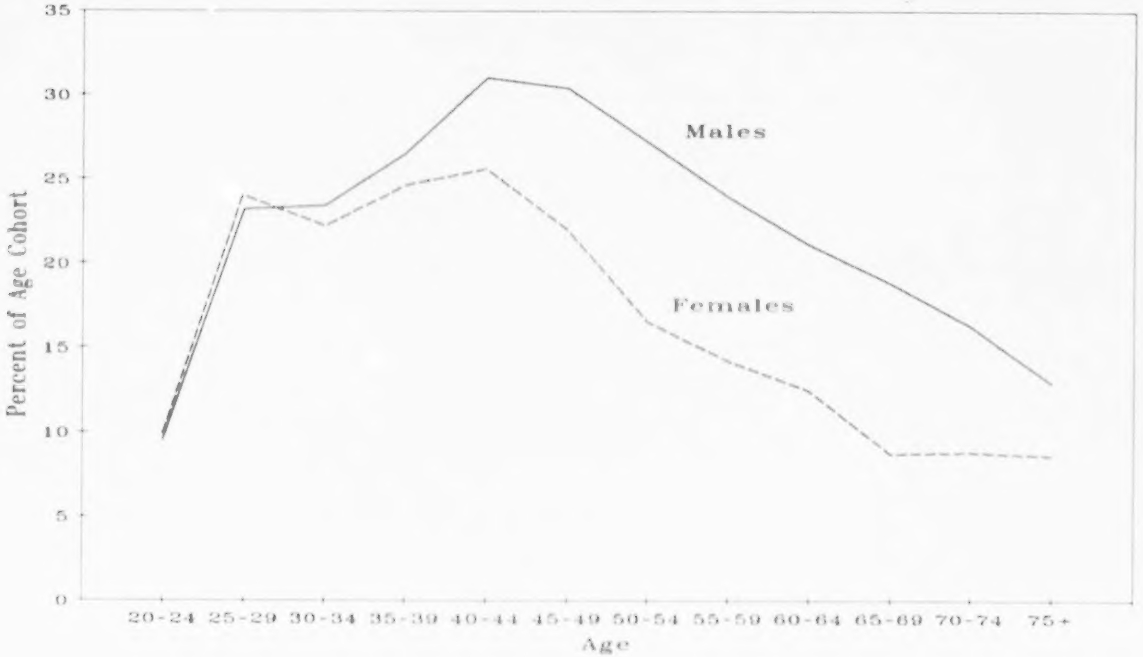
By race and ethnicity the expected patterns emerge. Asians are most likely to attain at least a baccalaureate degree: by ages 30 to 34 years about 40 percent will have one. A maximum of about 30 percent of the Anglos will attain a baccalaureate degree, compared to 18 percent for blacks and 11 percent for Hispanics.

Summary of Findings

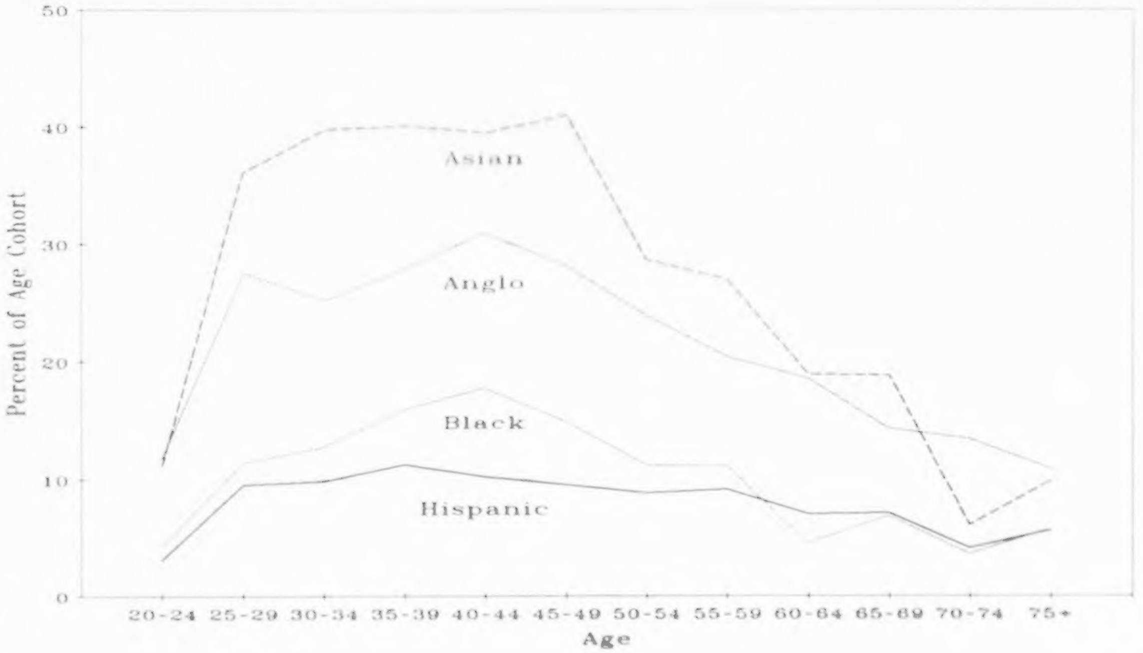
The baccalaureate degree has become the key to a prosperous, secure lifestyle in America. Those that attain it have far better prospects in life than those who do not. (See following article.)

The patterns in the distribution of the baccalaureate degree show a high degree of inequality across racial/ethnic groups. Asians and Anglos are two to four times more likely than blacks or Hispanics to acquire this means to prosperity and security. Moreover, as measured by the Education Equity Index, both blacks and Hispanics have fallen even farther behind whites in the last two years. To the extent these trends continue, we must expect growing disparity in the distribution of economic welfare between different racial and ethnic groups for the foreseeable future.

Percent of Populations with Baccalaureate Degree or More by Age and Gender 1992



Percent of Populations with Baccalaureate Degree or More by Age and Race/Ethnicity 1992



Why students attend college . . .

Educational Attainment and Private Economic Welfare

Why do students go to college? Public policy designed to influence student enrollment in higher education must be based on an understanding of students' reasons for attending college. Here we examine data reported by college freshmen on why they have chosen to attend college. We examine how their responses have changed over time--partly because new kinds of students have been brought into higher education--and how responses vary by school type. These students report economic, educational, and family reasons for attending college. We then examine family income data to identify relationships between different levels of educational attainment and economic welfare as measured by family incomes.

Student Motivations

The simplest and most direct answer to the question "Why do students attend college?" is obtained by asking students directly. A large sample of American college freshmen has been asked this question every year since 1976 in a survey administered by the Higher Education Research Institute at UCLA and co-sponsored by the American Council on Education. These results are published annually in **The American Freshman: National Norms for Fall 19XX**.

The UCLA/ACE survey asks college freshmen "In deciding to go to college, how important to you was each of the following reasons?" Results are reported for first-time, full-time college freshmen. Data shown in the following chart show the proportion of respondents citing each reason as "very important" in 1992.

The most frequently cited very important reasons for attending college are economic: to get a better job and to earn more money. Since these questions were asked in the 1976 freshman survey, the proportion of respondents citing economic reasons for attending has increased sharply. For example, the proportion of freshmen citing "to make more money" as very important has increased from 54 to 73 percent, and the proportion citing "to get a better job" has increased from 71 to 79 percent. More ominously, although just 8 percent said that they decided to enter college because they "could not find a job," this was the largest proportion of any of the last 17 freshmen classes to cite this as a very important reason for attending college.

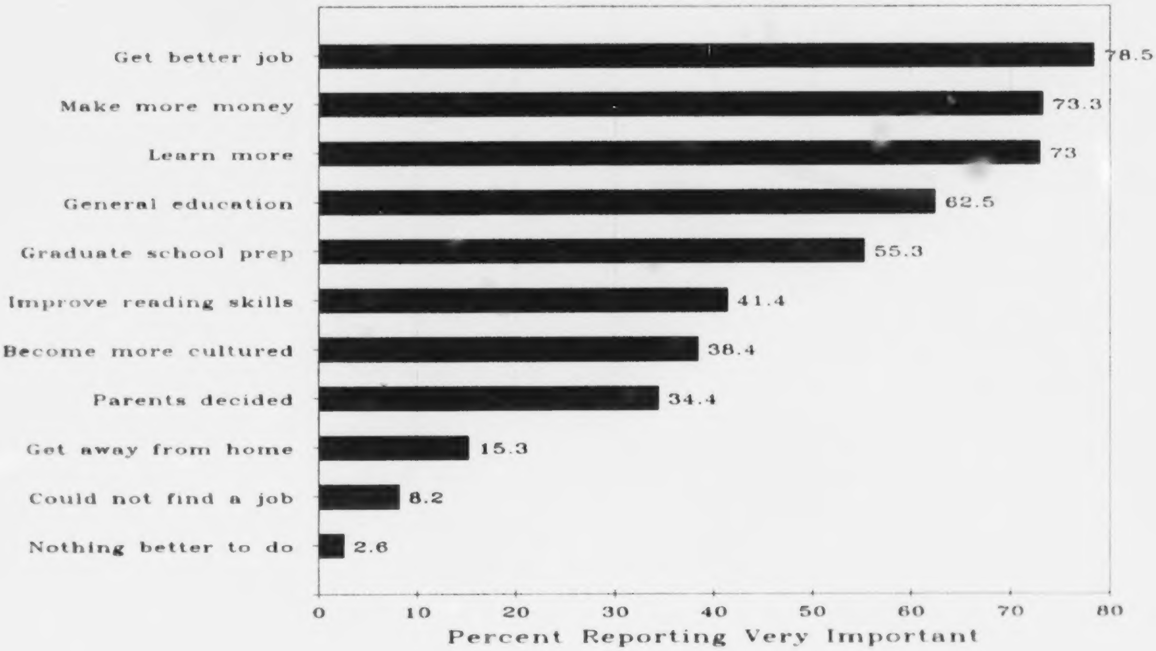
The second most frequently cited group of reasons for attending college pertains to more purely educational goals: to learn more about things, gain a general education, prepare for graduate or professional school, improve reading or study skills, and to become a more cultured person. Over the last 17 years the proportion of freshmen citing these as very important reasons to attend college has remained relatively constant. For example, the proportion citing "to learn more about things" was 73 percent in 1976 and 73 percent in 1992. Only the response "to prepare for graduate or professional school" showed a large increase, from 44 percent in 1976 to 55 percent in 1992. Most of this growth occurred recently, beginning in the late 1980's.

Finally, the smallest influences reported by college freshmen came from the family. These include "parents wanted me to go to college" and "wanted to get away from home." Both responses have become somewhat more important over the last 17 years, but the gains are small and the proportion of freshmen giving significant weight to these factors is relatively small.

Generally freshmen in public two-year and public predominantly black colleges gave the greatest weight to economic reasons for attending college, and freshmen in private four-year colleges and private universities gave least weight to these economic motivations. Freshmen in private universities and predominantly black private colleges were most likely to emphasize general education motives for attending college, and freshmen in public two-year and four-year colleges were least likely to emphasize these reasons. Freshmen in predominantly black public and private colleges were most likely to cite parental encouragement as important to their college attendance decisions, and freshmen in public and private universities were least likely to cite parental encouragement as a major factor in deciding to attend college.

Motives for deciding to go to college have important and logical parallels in the institutional choice decision of students. As reported by college freshmen in the UCLA/ACE survey, the reason for choosing a particular college most often cited by college freshmen is "good academic reputation." The second

Very Important Reasons for Deciding to Go to College for First-Time, Full-Time College Freshmen 1992



most frequently cited reason is "graduates get good jobs."

Educational Attainment and Family Income

The labor market is the dominant--and increasingly powerful--influence on decisions by individuals to continue their educations after high school. Labor market alternatives to good jobs and incomes have diminished: manufacturing jobs have declined from 36 percent of all jobs 30 years ago to 17 percent today. Furthermore, the military is curtailing career opportunities outside the civilian labor force through planned downsizing. Moreover, the shift in federal student financial aid from grants to loans emphasizes the importance of finding well-paid jobs after college.

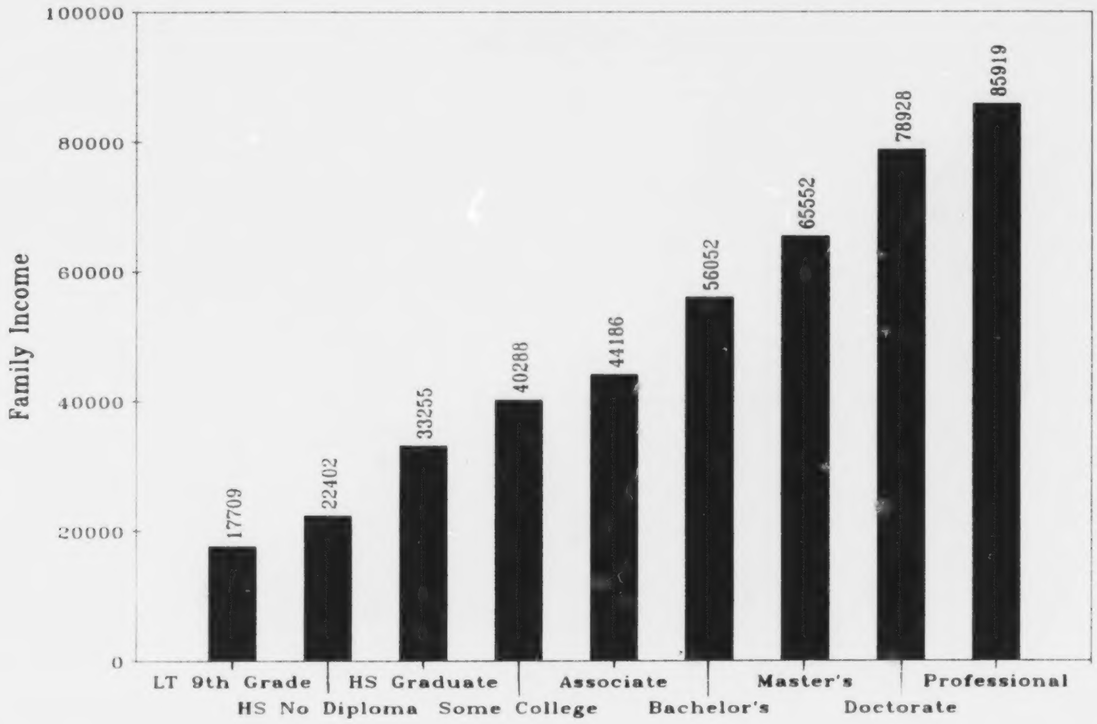
Another factor, however, contributes to the apparently growing importance of economic returns from a higher education investment decision. Many college freshmen are the first members of their families to continue their educations after high school, and the logical motivation for doing so is economic. Forty percent of the freshmen in the UCLA/ACE survey reported that their father's had no postsecondary education, and 43 percent of their mothers had no education beyond high school. As first generation college students from families being buffeted by economic changes related to increasing education requirements of and rewards from the labor force, economic considerations are likely to be among the primary reasons for attending college.

The Census Bureau's **Current Population Survey** collects important data on family incomes by the educational attainment of the householder. These data are published in ***Current Population Reports, Series P-60***. These data are the basis for the remainder of this article.

The chart on the following page summarizes median family incomes in 1991 by the educational attainment of the householder--the family head, often the father if present. The pattern is unambiguous: the greater the level of educational attainment, the higher is median family income. Moreover, these differences are great, they are growing, and in terms of discretionary income they are even greater than the differences shown in this chart.

In 1991 median family income for all families with heads 25 and over was $36,900. However, by educational attainment the range in median family income was from $17,700 for families where the head had less than a ninth grade education, to $85,900 for families headed by an adult with a professional degree.

Median Family Income
by Educational Attainment of Householder
1991



Studies of personal and family income growth in the United States have found that incomes grew rapidly after World War II until the early 1970's. Since about 1972, overall incomes have grown much more slowly. Unfortunately, for the less educated, real incomes have declined--sharply.

During the last two decades, when real income growth has been stagnant, there has been substantial redistribution in family incomes. Many families have experienced real income growth, and hence their welfare has improved. In these families, income has grown faster than cost of living and results in greater discretionary incomes. For other families, however, incomes have increased more slowly than cost of living over the last two decades. In these families, an ever-larger share of income is committed to the basics of living. This leaves a declining share of income available for discretionary spending to buy the pleasures of life.

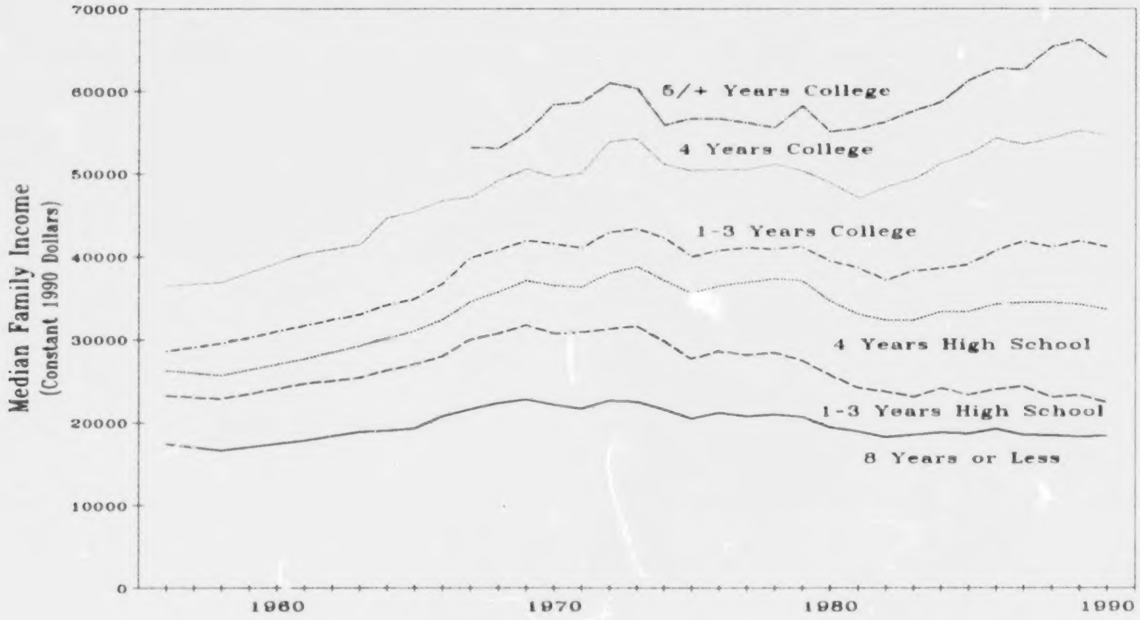
Increasingly, the dividing line between those families with increasing and decreasing amounts of discretionary family income is the educational attainment of the family head. While higher levels of educational attainment have always brought families higher living standards compared to those with lesser levels of educational attainment, until the early 1970's this relationship was relatively constant. Real incomes increased for all families.

But family income trends began to diverge after 1972. Throughout the 1980s, real family incomes began to diverge more rapidly--dividing along the measure of educational attainment. Families headed by individuals with postsecondary education--particularly four-years or more of college--prospered, while those headed by high school graduates or lesser educational attainment experienced real and substantial declines in standards of living.

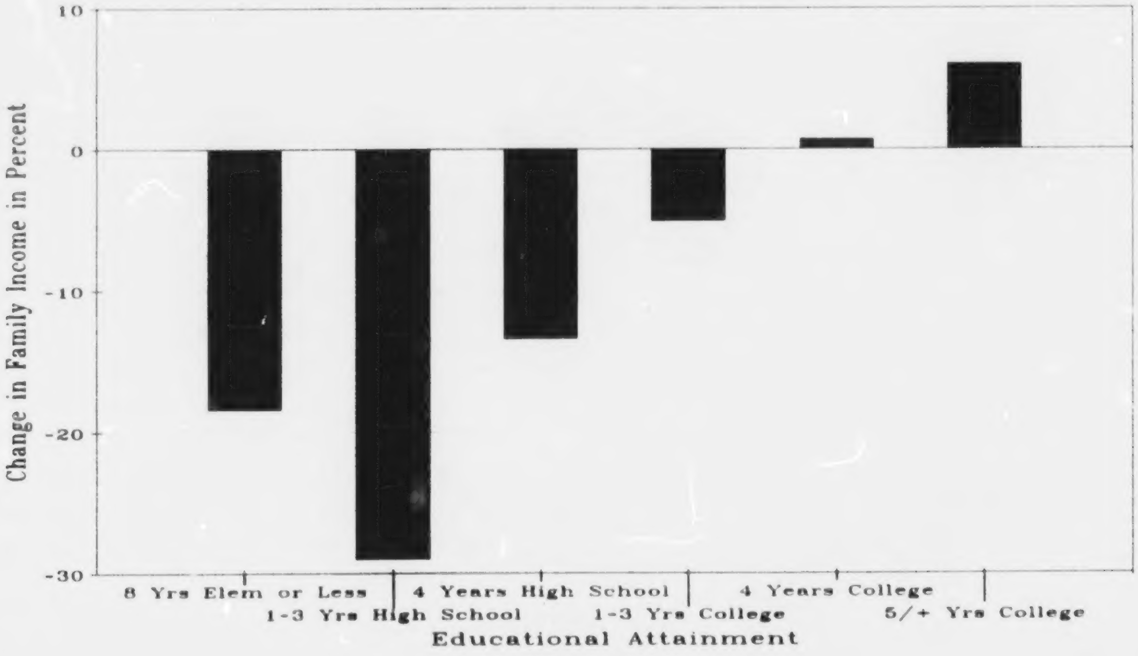
If the trends of the last twenty years offer insight into our future, then postsecondary education opportunity is essential to those who seek to prosper. Those who pursue their educations after high school are more likely to prosper than those who do not.

Social scientists who have studied our nation's potential point out that to improve living standards, labor force productivity must be improved. That improved productivity can only follow from well educated and trained workers. Since 1970 postsecondary education has become the source of that preparation.

Median Family Income
by Educational Attainment of Householder
1956 to 1990



Change in Median Family Income
by Educational Attainment of Householder
Between 1973 and 1990



The Vermont Model of Financing Higher Education Opportunity

Vermont is virtually unique among the 50 states in the way it has chosen to finance higher education, for institutions generally and students individually. The method is distinctive enough that it is known nationally as "the Vermont Model." Sometimes it is also called a "high tuition/high aid model." The Vermont Model is this and more, however. Its distinctiveness becomes apparent when Vermont is compared to other states.

1. ***Vermont has average levels of taxable resources, and taxes those resources at relatively high rates to support many state programs.***
    - Per capita personal income in Vermont is 25th among the states.
    - However, Vermont has chosen to tax citizens at above-average rates; it is 15th on state and local government tax revenues per $1000 of personal income.

2. ***State tax resources allocated by Vermont for higher education are extraordinarily low compared to other states.***
    Vermont ranks:
    - 48th among the states in state tax appropriations per $1000 of personal income in support of higher education
    - 48th in per capita support of higher education
    - 49th in the proportion of the state's budget share for higher education
    - 49th in expenditures of state and local governments per higher education degree awarded
    - 50th among the states in total state support for higher education

    Several conditions largely unique to Vermont lie behind these figures:
    - the large number of independent schools in the state
    - high numbers of out-of-state students at Vermont schools
    - "emigration" by Vermonters to out-of-state schools
    - a decision by Vermonters to spend their tax dollars in areas of government service other than higher education

    The end result is an extremely favorable "bargain" for state taxpayers:
    - Vermont currently appropriates about $56 million annually to higher education
    - If Vermont spent the national average share of its personal income on public higher education, it would spend about $91 million.
    - If Vermont spent the national average per capita in support of higher education it would spend about $85 million per year.
    - If Vermont had spent the national average share of its state budget on higher education, it would be spending $105 million per year.

    In effect, the Vermont Model of higher education finance has released $30 to $50 million per year of state tax resources for other budget priorities.

3. ***Despite relatively low levels of financial assistance from the state, Vermont's public colleges and university appear to have substantial bases of non-state revenue compared to public institutions in other states.***
    - Only about 16 percent of the funds received by Vermont's public

colleges and university comes from the state.

- The remainder comes from tuition, the federal government, private sources, and from auxiliary enterprises, activities, and other sources.
- As a proportion of the expenditures of Vermont state and local governments, expenditures by public higher education institutions in Vermont rank 13th among the 50 states.

4. *Tuitions charged resident and non-resident students at Vermont's public colleges and university are high*
   - Vermont has shifted much of the responsibility for financing higher education from taxpayers generally to students and their families who can afford to pay them.
   - Tuitions at both the University of Vermont and the Vermont States Colleges are the highest among the 50 states, and tuition at the Community College of Vermont is third highest among the states

5. ***Vermont has chosen to focus more of its limited higher education investment on need-based student aid than other states. However, public institutions still receive the great majority of Vermont's higher education tax dollars***:
   - Vermont distributes a larger share of its higher education tax dollars according to need-based financial aid than any other state in the country.
   - Vermont is second among the states in the proportion of its full-time undergraduate students receiving such aid while in college.
   - Despite this strong focus on student aid, only one state dollar in five for higher education goes to student aid. Four out of five dollars are appropriated by the state to its public institutions without regard to student need.

Although developed in a very small state, the Vermont Model has become the higher education financing approach toward which most other states have moved during the last 25 years. National data for all 50 states show:

- Higher education's share of total state and local government expenditures has been steadily declining since fiscal year 1967-68.
- Tuition's share of education costs has been increasing since fiscal year 1961-62.
- The proportion of all state higher education funds allocated to student financial aid has been increasing at least since 1969-70.

Movement among the states toward the Vermont Model of higher education funding has been substantial and widespread. Generally, states strapped for cash to fund necessary state services have viewed higher education funding as a "balance wheel," available to help otherwise unbalanced state budgets during difficult financial periods. It is often said that universities can always raise tuitions to make up for inadequate state appropriations. And often state legislators understand that many students in public colleges and universities come from the most affluent families. The same cannot be said for welfare clients, Medicaid obligations, and needs for additional prison capacity. There is no funding "elasticity" in those areas: a "pull" here won't necessarily be taken up by a "push" there.

The general argument supporting the "high tuition/high aid" approach of the Vermont model is that many students enrolled in public colleges and universities do not "need" any subsidy at all to be able to attend college, while other students "need" financial assistance to meet the high tuition charges. This latter group of students also often needs funds to pay for books, supplies, food, housing, transportation, personal and medical care, and other living costs. Evidence from VSAC grant files indicates that despite the high tuition rates at

Vermont's public colleges and university, only 40 percent of all Vermont undergraduates who attend these schools need state grants to finance their higher education. With Vermont's limited state resources, and the resulting high tuitions, the resources that do exist must be targeted to where they will best provide education access for those most in need.

"The Affordability Crisis in Higher Education"

The University of Vermont
Burlington, Vermont
March 29-30, 1992

The University of Vermont--with the highest resident and nonresident undergraduate tuitions of any public university in the United States--will sponsor a national conference on affordability on March 29-30 in Burlington, Vermont. Topics to be addressed include:

- Cost and Value: New Issues for Higher Education in the 1990's
- The Importance of Maintaining Diversity Initiatives
- Focusing Financial Priorities in a Changing World
- Financing Higher Education: International Perspectives
- The Federal Role in National Policy
- The Federal Family Education Loan Program: Is There A Better Way?
- Alternative Tuition Policy Reform
- High Tuition-High Aid
- Responding to Budget Crises in Higher Education
- Next Steps: New Students, New Times, New Policies

Conference speakers include institutional chancellors, presidents, deans, and financial aid program administrators, public policy makers and analysts, and state and regional student financial aid program administrators.

For further information, contact The University of Vermont Conferences at (802)656-2088, (800)639-3188, or Fax (802)656-3891.

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- **Family Income: High School Graduation, College Participation, College Completion**
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- **Ways and Means: How Minnesota Families Pay for College**

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Postsecondary Education OPPORTUNITY

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 11 **Iowa City, Iowa** **March 1993**

The Rich Get Richer and the Poor Get . . .

Disparities in Higher Education Opportunity Across Family Income Levels Were Huge and Growing in 1991

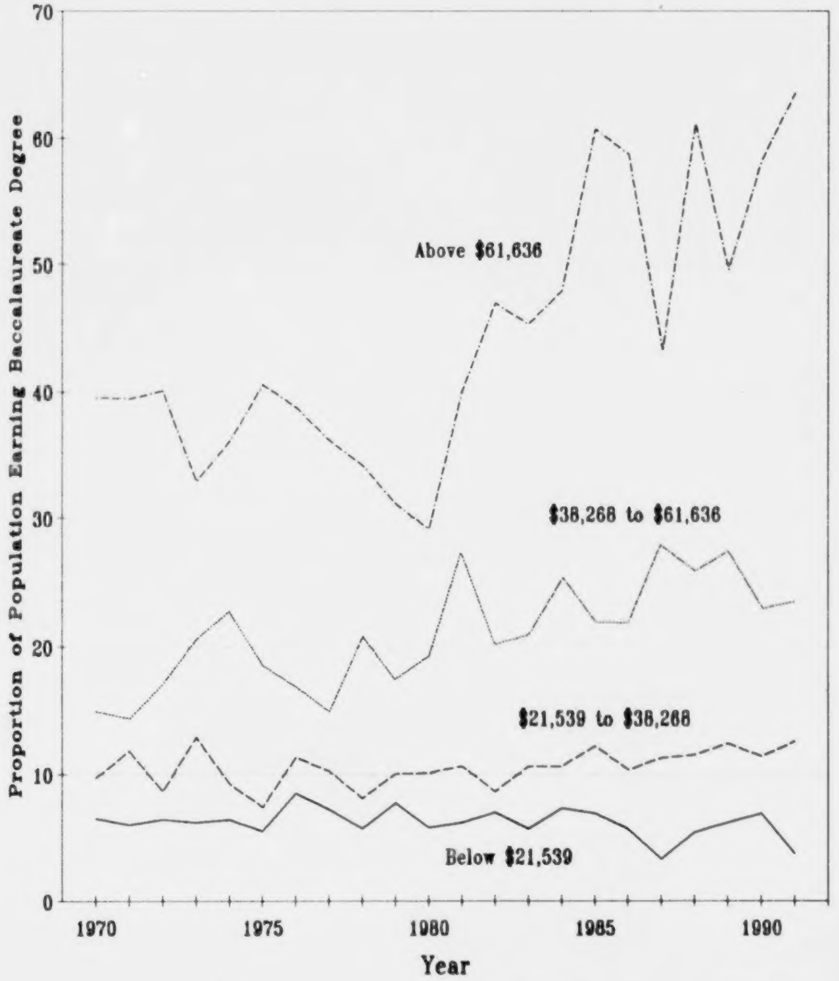
The sharp jump in the college entrance rate in 1991 for recent high school graduates was shared across all quartiles of family income for unmarried 18 to 24 year olds. However, high school graduation rates diverged across family income levels: they increased in the top quartile and declined in the bottom quartile. College completion rates did the same.

As a result, disparities in higher education opportunity across family income levels were greater in 1991 than they have been any time in the last twenty-two years.

These and other findings important to understanding changes in the distribution of higher education opportunity are gleaned from to-be-published data collected in the Census Bureau's **Current Population Survey**. These data will be published in Current Population Reports, Series P-20, under the title **School Enrollment-Social and Economic Characteristics of Students**.

This newsletter report updates and extends data first published in the March 1992 issue of this newsletter. Data from the most recent Current population Survey will be published here when it becomes available.

Estimated Chances for a Baccalaureate Degree by Age 24 by Family Income Quartile 1970 to 1991



This presentation follows normal progression in education: first high school graduation, then college participation for high school graduates, then college completion for those who enter college. The product of all three is the proportion of those age 24 earning a baccalaureate degree. Data are reported for each year, 1970 through 1991, by quartiles of family income in 1991 dollars.

Family Income

This analysis is based on family income quartiles of unmarried 18 to 24 year old high school graduates. In the terminology of student financial aid, about 92 percent of these are dependent family members. The remainder are in "other marital and family status" and are primarily females.

This analysis does not examine 18 to 24 year olds who are "married, spouse present" because the family income for these individuals is not reported for the parents.

In 1991 the four family income quartile definitions for unmarried 18 to 24 year old high school graduates were as follows:

Bottom quartile:	to $21,539
Second quartile:	$21,539 to $38,268
Third quartile:	$38,268 to $61,636
Fourth quartile:	above $61,636

The median family income for unmarried 18 to 24 year old high school graduates in 1991 was $38,268. That means half of this population had higher family incomes, and half had lower family incomes. In 1990 median family income for this population was $36,970, and in 1989 it was $35,447, all in current dollars.

Over the period between 1970 and 1992, the quartiles have always been defined in the same way in this analysis. However, these are *not* constant dollar income intervals. In the redistribution of family incomes during the last two decades, the bottom quartile has grown considerably poorer and the top quartile has grown considerably richer.

For example, in 1991 the bottom quartile of family income was defined by an upper family income limit of $21,539. In *constant* dollars the corresponding family income limit for the bottom quartile was $21,841 in 1980 and $25,112 in 1970. Thus, the bottom quartile lost most of its real income during the 1970's.

In 1991 the lower family income limit for the top quartile of family income was $61,636. In constant dollars the corresponding lower limits were $55,316 in 1980 and $56,909 in 1970. Thus the top quartile gained most of its real income growth during the 1980's.

Racial and ethnic minorities were far more likely to be found in the bottom quartile of family income. Using 1989 data, whites were about as likely to be found in the bottom quartile as they were to top family income quartile. However, unmarried 18 to 24 years olds who were of other race (Asians and American Indians) were about three times more likely to be in the bottom than top quartiles. Hispanics were about six times more likely, and blacks were 12 times more likely.

High School Graduation

The first of the three hurdles in the path toward a baccalaureate degree by age 24 is high school graduation. Without a high school diploma--or its equivalent--neither college, nor the military, nor the best jobs in the labor market are accessible to individuals.

Among unmarried 18 to 24 year olds in 1991 the high school graduation rate was 80.2 percent, *down* from 81.4 percent in 1990. In 1980 the high school graduation rate for this population was 80.5 percent, and in 1970 it was 80.0 percent.

However, an individual's chances of being a high school graduate by the time they were 18 to 24 years old ranged from 62.5 percent in the bottom quartile of family income to 94.4 percent in the top quartile. At the first hurdle, family income has already begun to stretch out the field along lines of family income.

In the bottom quartile, below $21,539 in family income, high school graduation rates have been dropping sharply since 1986 when they peaked

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OPPORTUNITY
P.O. Box 127
Iowa City, Iowa 52244
Phone (voice/fax): (319) 351-4913

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Editor and Publisher
Thomas G. Mortenson
TIN: 470520190

Mission Statement

This newsletter is founded on two fundamental beliefs. First, sound public policy requires accurate, current, independent, and focused information on the human condition. Second, education is essential to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for all Americans.

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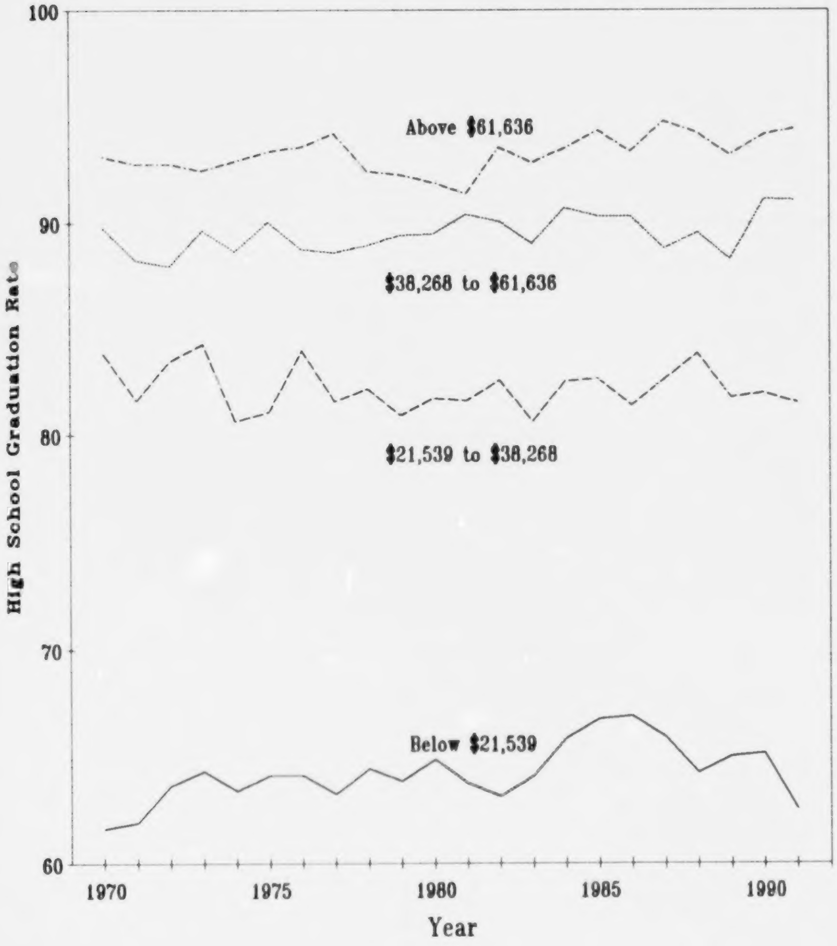
High School Graduation Rates by Family Income Quartiles
for Unmarried 18 to 24 Year Olds
1970 to 1991



Source: Current Population Survey, Series P-20.

at 66.9 percent. Until 1986 high school graduation rates for this group had shown substantial improvement since 1970. In fact between 1970 and 1986 about the only gains in high school graduation rates occurred in the bottom quartile of family income. However, the high school graduation rate in 1991 for those from the bottom quartile of family income was lower than it had been for any year since 1971.

The second quartile--between $21,539 and $38,268--has shown no progress in high school graduation rates during the last twenty-two years. In fact the 1991 rate was below the rates for the early 1970's.

The third quartile--$38,269 to $61,636--has shown modest progress. In 1990 and 1991 this quartile group had its highest high school graduation rates for any of the last twenty-two years. These rates were just above the national goal of 90 percent.

The top quartile of family income--above $61,636--had the highest high school graduation rate in 1991 of 94.4 percent. This was the second highest rate over the last twenty-two years for the top quartile. This group has seen an increase in its rate of high school graduation since 1981, following a decade of decline in the 1970's.

College Participation

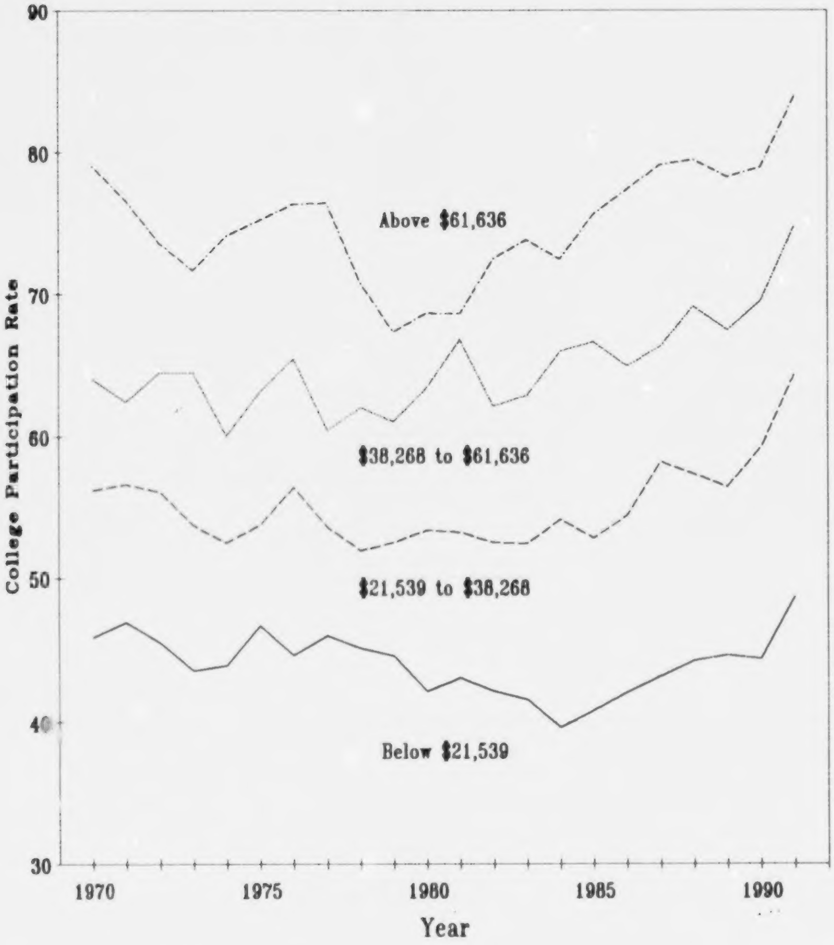
College participation rates for unmarried 18 to 24 year old high school graduates in 1991 were higher than they have been at any time in the last twenty-two years at all four quartiles of family income. College participation includes three distinct groups: those currently enrolled in college, others who are no longer enrolled but have completed one to three years of college, and those no longer enrolled who have completed four years or more of college.

The sharp increase in 1991 in college continuation rates for recent high school graduates was reported in the July 1992 issue of **OPPORTUNITY.**

The growing gap in employment opportunities between those who begin their employment after high school and those who complete college before labor market entry undoubtedly contributed to this sharp increase, as did the economic recession.

The American Freshman: National Norms report from the American Council on Education and the University of California at Los Angeles suggests two important economic reasons why. First, nearly four out of five college freshmen cite economic benefits of attending college as very important reasons to do so: to get a better job, and to make more money. These two reasons were more often cited by college freshmen than any others. The frequency with which college freshmen cite "make more

College Participation Rates by Family Income Quartiles
for Unmarried 18 to 24 Year Old High School Graduates
1970 to 1991



Source: Current Population Survey, Series P-20.

money" has increased from less than half of all freshmen in 1971 to about 73 percent by 1992.

The second economic reason is that a small but growing proportion of college freshmen are finding employment directly out of high school increasingly difficult to find. In the late 1980's less than 4 percent of college freshmen cited "could not find a job" as a very important reason for attending college. In the 1991 survey, this proportion had increased to 7.3 percent, and by 1992 it was up to 8.2 percent--the highest response since this question was first asked in 1976. Students are not only drawn into college, but kicked in as well by a labor market that has become less hospitable to individuals without postsecondary education.

By family income quartile, college participation rates for high school graduates have been strongly related to family income backgrounds since the advent of CPS reporting in 1970. College participation rates are lowest for those high school graduates from the bottom quartile of family income, and highest for those from the top quartile. This large difference compounds the already very large difference in high school graduation rates between family income quartiles with respect to the goal of completing a baccalaureate degree by age 24.

Moreover, since the shifting of federal student financial aid away from students from low family income backgrounds and toward students from middle family income backgrounds, college participation rates have grown at different rates across family income quartiles. Compared to averaged college participation rates for the 1970's, by 1991 college participation rates had increased the most in middle and upper income ranges, and least in the bottom family income quartile.

Change in College Participation Rates by Family Income Quartiles Between 1970's and 1991

	1970's	1991	Change
Q1	45.25%	48.64%	+ 3.39%
Q2	54.29	64.32	+10.03
Q3	62.74	74.73	+11.99
Q4	74.09	83.94	+ 9.85
Σ	59.09	67.93	+ 8.84

Measured in this fashion, the gap in college participation rates across quartiles of family income has grown since the 1970's.

The **Current Population Survey** data on college participation offers insights into the status of higher education opportunity across family income levels too numerous and detailed to present thoroughly in this newsletter. However, among the more important for public policy purposes are the following findings:

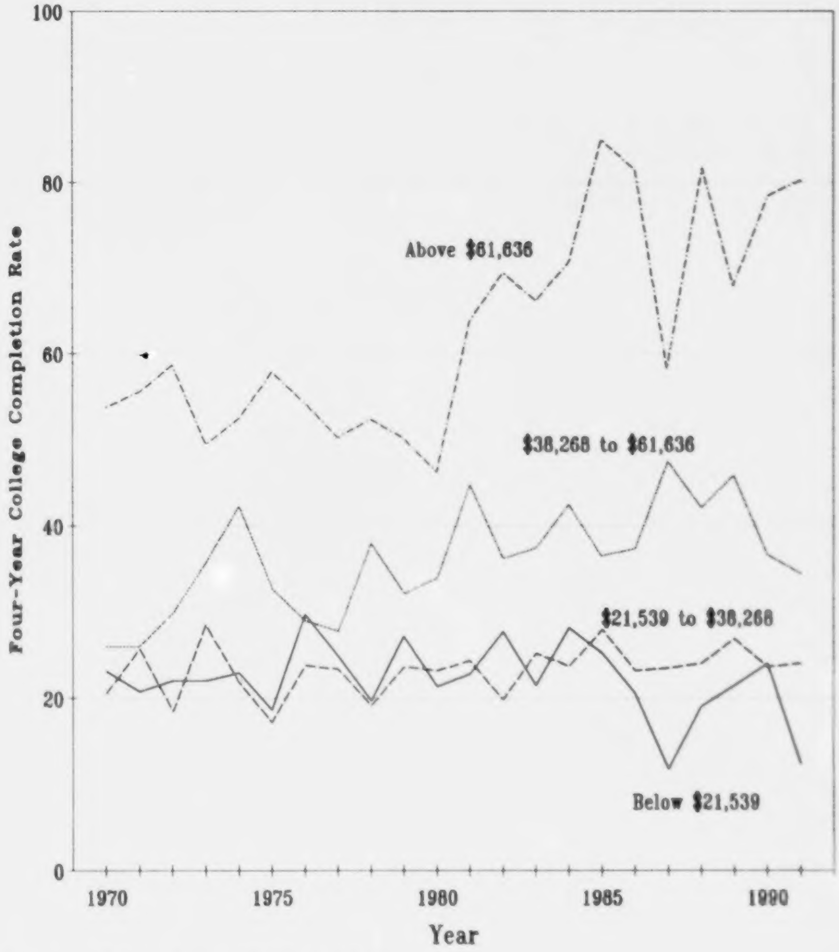
First, there is a certain degree of stratification of enrollments across family income quartiles by control (public/private) and level (two-year/four-year) of higher education institution:

- Public institutions enroll 83 percent of those enrolled from the bottom quartile of family income, 80 percent from the second quartile, 79 percent from the third, and 74 percent from the top quartile.
- Despite this skewing, public institutions enroll nearly three-quarters of those enrolled from the top quartile of family income.
- Within public institutions, students from the highest family income intervals are most likely to be enrolled in four-year institutions. However, even public two-year institutions enroll substantial numbers of students from the highest family income level.

Second, in 1991 students from families with incomes of $30,000 to $40,000 were least likely to be enrolled in college full-time, and students from families with incomes over $75,000 were most likely to be enrolled full-time.

Finally, students from the third quartile of family income--$38,268 to $61,636 in 1991--appear to be most mobile between public and private higher education during the last two decades. During the latter half of the 1970's--known as the "Golden Years of Student Financial Aid" in some circles--the proportion attending private institutions increased from about 21 to 29 percent. Then, during the 1980's they shifted back to public institutions and the private share of this quartile dropped to about 18 percent.

Estimated Four-Year College Completion Rates by Age 24
by Family Income Quartiles for Unmarried College Students
1970 to 1991



Source: Current Population Survey and High School and Beyond

In addition, all of these analyses of high school graduation and college participation by family income quartiles may be extended to the following groups: males, females, whites, blacks, other races, and Hispanics. The reader is warned, however, of the extraordinary amount of tedious hand recalculation of published **Current Population Survey** data that is required to replicate these analyses for any of these population groups. In addition, the concentration of blacks and Hispanics in the two lowest family income quartiles makes analyses of high income experience for these groups meaningless.

College Completion

The third and final hurdle on the path to a baccalaureate degree by age 24 is the completion of four or more years of college for those who are both high school graduates and have entered college. In this case, the results are estimated by combining data for each year and income level from the Census Bureau's **Current Population Survey** and the National Center for Education Statistic's **High School and Beyond** six-year follow-up survey of the class of 1980. The results are shown on the chart on the previous page.

The patterns here follow the patterns established in high school graduation and college participation. College completion rates for those who start college are highest in the top quartile of family income (80 percent in 1991), and lowest in the bottom quartile (11 percent), thus further widening the gulf in educational attainment across levels of family income.

The top two quartiles show significant growth in four-year college completion over the last twenty-two years. The top quartile, in particular, reflects the rate of return on a college investment decision compared to high school only--declining slightly during the 1970's, and jumping sharply during the 1980's. Growth has been more moderate and steady in the third quartile, although data for the last two years suggest some erosion of past gains.

The picture for those from the two bottom quartiles shows no progress over the last twenty-two years. Only about one student in five who starts college is likely to complete four years or more by age 24. Since 1985 the college completion rate for those from the bottom quartile appears to have dropped off sharply.

Four-Year College Attainment

The product of high school graduation, followed by college enrollment, followed by college completion is the proportion of the population that has earned a baccalaureate degree by age 24. This is also one's chances of earning a baccalaureate degree by age 24 from each of the four quartiles of family income.

These results are presented on the first page of this newsletter. They illustrate the effects of compounding: the advantages in high school graduation, college participation, and college completion enjoyed by those from the top quartile of family income multiply to produce an extraordinary advantage in chances for earning a baccalaureate degree by age 24. Similarly, the disadvantages borne by those from the bottom quartile of family income combine to produce an extraordinary disadvantage in chances for earning a baccalaureate degree by age 24. At every step advantages are multiplied for those who have advantages, and disadvantages are likewise multiplied for those with disadvantages.

In 1991 an individual's chances for earning a baccalaureate degree by age 24 ranged from about 5 percent for those in the bottom quartile, to about 64 percent for those from the top quartile. Roughly speaking, one's chances for earning a baccalaureate degree by age 24 doubled with every increase in quartile of family income.

Findings and Conclusions

This study examined the progression of unmarried 18 to 24 year olds from the four quartiles of family income through the educational system from high school graduation through baccalaureate degree attainment by age 24 for the twenty-two-year period from 1970 through 1991.

The data used in the analysis were drawn primarily from the Census Bureau's annual **Current Population Survey**, as published in **School Enrollment-Social and Economic Characteristics of Students: October 19XX**, and secondarily from the National Center for Education Statistic's **High School and Beyond**.

This analysis finds that the range in educational attainment across quartiles of family income is huge, it is persistent, and it is growing. Moreover, one's chances for earning a baccalaureate degree by age 24 has never been so unequal across family income quartiles as it was in 1991.

One interpretation of these findings is that these behavioral differences reflect fundamental differences in the circumstances into which people are born that determine or influence their prospects in life. These circumstances include genetic potentials such as intelligence and health, family conditions such as dual or single parents and their own educational experiences, educational values and expectations in the communities and schools in which children are raised, and the intervention possibilities through public policy, programs, and appropriations that seek to add to one's inherited potential for success.

Another interpretation of these findings is that America has utterly failed to deliver on its promise of equality reflected in constitution and law. Whatever minimal gains that were achieved during the egalitarian 1970's have been more than erased by the self-centered, myopic greed of the 1980's. In this scenario, equality is not attainable, so why bother trying.

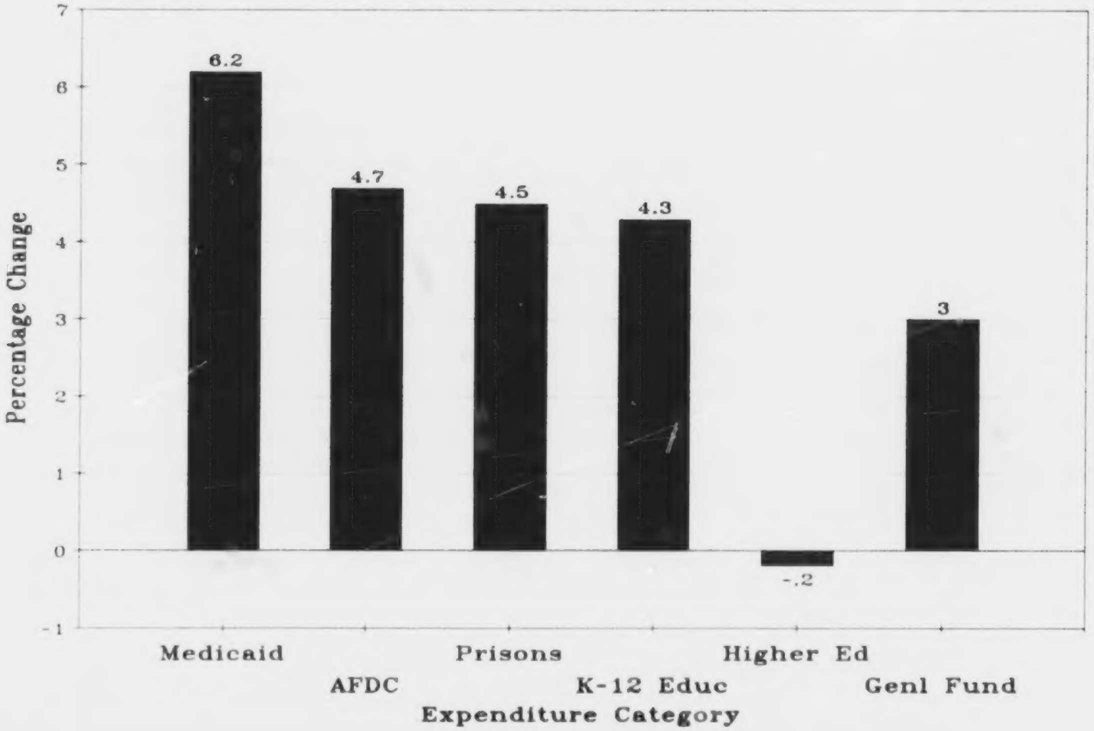
Whether fully attainable or not, the political and economic costs of failure to pursue egalitarian goals are almost certainly far greater than the costs of offering real hope and promise to those born into adverse circumstances not of their own making. We may not be equal at birth, but we will never recognize and realize human potential at birth. That potential emerges gradually, in part through nurture, into what we cannot foretell at the beginning.

Higher Education Got Mugged . . .

Higher Education Squeezed out in State Budgets Again in FY1993

Higher education's share of state budgets dropped during FY1993, again, as it has almost continuously since FY1968. Governors and state legislators were so busy trying to fix problems carried over from past neglect--corrections, welfare, and Medicaid--and dealing with the more egalitarian demographics of K-12 education, that they failed again to address funding needs for higher education that could alleviate these problems in the future. Everything in state budgets, or so it seems, has a higher priority claim on scarce state funds than the investment that promises improved economic welfare: higher education.

Percentage Change in State Appropriations
by Major Expenditure Categories
FY1992 to FY1993



This report is based on a survey of state legislative fiscal officers conducted by the Fiscal Affairs Program of the National Conference of State Legislatures, and published in **State Budget Actions 1992**. The survey summarizes appropriations by states (except Illinois, which did not participate in the NCSL survey) of funds for the 1993 fiscal year. Unlike the Chambers survey, published each fall in **The Chronicle of Higher Education**, the NCSL survey for each state reports the major winners and losers across budget categories.

Summary of Survey Findings

The executive summary from the NCSL report highlights the following major findings:

- **The states' fiscal condition is very weak.** Reserves are at a record low. Medicaid, corrections and education spending continue to grow faster than average spending, so resources continue to be shifted into those areas. State budgets for FY1993 represent a holding action rather than an attack on fundamental issues, a result of election year politics and a discouraging economic outlook.

- **State fiscal conditions continued to deteriorate in FY1992.** The national total of state balances sank to a record low at the end of FY1992 because of the very low end-of-year balances in the states that held balances, combined with FY state general fund deficits carried forward into FY1993.
- **General fund collections were below estimates in 25 states.** Collections produced about $5 billion less than originally projected. They were originally expected to grow by 4.8 percent over the FY1992 level in FY1993, almost entirely as a result of economic growth. Slow growth in tax collections since budgets were enacted means that this expectation may be too high.
- **Most tax increases in 1992 will not produce revenue growth for general funds.** The bulk of tax increases this year were earmarked for Medicaid expenditures or for highways and other special purposes or were the result of postponing previously scheduled tax rate reductions. Tax increases for FY1993 were far below the levels of those enacted in 1990 and 1991.
- **Spending for FY1992 grew faster than originally expected.** Spending was pulled up by Medicaid, which is an entitlement program. States reduced planned spending on K-12 education in order to control spending overall.
- **States have enacted austere budgets for FY1993.** General fund spending is budgeted to increase by $9 billion, or just 3 percent, for FY1993, a level just below that of inflation and the lowest nominal increase since 1982.
- **States found no solutions for their fundamental weaknesses in FY1992.** Although state fiscal conditions vary substantially, almost every state was in weaker fiscal health at the end of FY1992 than at the beginning.

Higher Education's Share

For FY1993 higher education's share of state appropriations from general funds was 12.9 percent. In FY1992 higher education expenditures were 13.3 percent of general fund expenditures, and in FY1991 they were 13.4 percent. The change in state general fund appropriations for higher education varies widely from state to state in FY1993.

In 19 states higher education increased its share of appropriations from the general fund. Notable among these states were **Rhode Island, Mississippi, Missouri, Alabama, Maryland, Wyoming, Puerto Rico, and New Jersey**.

In 32 states, higher education lost budget share. States where these losses were especially large were **Hawaii, Michigan, Tennessee, Connecticut, Montana, California, Oregon, Kansas, Indiana, New York, New Hampshire, Minnesota and Texas**.

Generally, higher education is losing out in competition with other major expenditure categories of state government such as Medicaid, AFDC, prisons, and K-12 education. Between FY1991 and FY1992, when state general funds were increasing by 4.9 percent, higher education funding increased by 2.2 percent. Budget winners were Medicaid (+21.8 percent), K-12 education (+8.9 percent), and prisons (+7.9 percent). Between FY1992 and FY1993, when state general funds were increasing by 3.0 percent, higher education funding was cut by 0.2 percent. Budget winners were Medicaid (+6.2 percent), AFDC (+4.7 percent), prisons (+4.5 percent), and K-12 education (+4.3 percent).

To a significant degree, **California**'s budget problems skew the higher education data. In FY1993, if California were excluded from the national totals, higher education appropriations would have increased by 2.2 percent, the same increase that occurred between FY1991 and FY1992. However, California's budget woes were not limited to higher education and even excluding California from national totals higher education fared very poorly compared to other major expenditure categories of state budgets.

Finally, other data published by the Census Bureau in its **Government Finances** series shows that higher education's share of the *expenditures* of state government have been declining steadily and substantially since FY1968. In FY968 higher education expenditures were more than 23 percent of state totals. By FY1990 the total was down to about 18 percent. The state general fund portion of this total has declined faster than this suggests as tuition revenues have been used to offset losses in state fund appropriations and public higher education has become less dependent on state fund appropriations for operating revenues. These data will be revisited in a future issue of **OPPORTUNITY**.

The data from the National Conference of State Legislatures have been published in ***State Budget and Tax Actions-1991*** and ***State Budget Actions-1992***, from a state survey conducted by the Fiscal Affairs staff of NCSL. Additional analysis appears in ***State Policy Reports*** for January 1993.

Percentage Change in State Appropriations from General Fund by Major Expenditure Categories and State FY1992 to FY1993

State	Higher Educ	K-12 Educ	Prisons	AFDC	Medicaid	Genl Fund
Mississippi	12.8%	6.6%	8.2%	1.7%	30.1%	2.2%
Massachusetts	12.7	13.6	10.6	0.0	5.4	8.0
Maryland	12.0	12.7	8.9	4.4	6.8	6.2
Louisiana	11.1	5.7	11.0	6.7	11.3	8.1
Alabama	11.0	2.5	1.5	10.3	4.5	4.4
North Carolina	9.8	6.3	9.5	6.2	17.0	9.6
Missouri	9.4	14.0	4.7	10.4	45.2	2.7
Georgia	8.3	9.3	14.3	14.6	22.6	8.2
Nevada	8.1	1.4	4.0	12.3	-2.2	5.8
Rhode Island	7.8	4.2	12.6	1.7	0.0	-16.1
South Dakota	7.7	8.0	11.6	10.4	22.2	8.5
Arkansas	7.4	6.5	11.8	8.7	6.5	3.7
Oregon	7.4	31.8	8.4	11.1	8.3	16.3
Utah	6.3	4.7	6.5	25.2	10.6	4.8
Nebraska	5.5	3.2	14.9	10.4	26.7	2.9
South Carolina	5.4	5.8	1.0	-17.6	16.4	10.2
Iowa	5.2	8.0	7.9	5.0	11.9	6.7
Wisconsin	4.7	4.8	6.7	-0.1	9.4	5.2
New Mexico	4.1	2.7	-1.0	9.7	4.6	3.8
Colorado	3.8	18.4	4.3	9.0	5.0	5.2
Puerto Rico	3.7	0.8	3.3	NA	NA	-1.8
Tennessee	3.6	13.5	-2.2	17.2	21.8	14.6
Hawaii	3.5	6.6	0.1	33.0	-10.1	18.0
Delaware	3.1	6.6	7.0	16.5	20.4	4.8
New Jersey	2.6	2.4	2.2	8.0	9.6	-2.5
Arizona	2.5	5.2	-0.5	9.2	16.4	3.3
Oklahoma	2.3	7.6	3.6	8.4	11.2	3.6
Florida	1.7	3.2	2.8	35.5	39.5	6.5
Ohio	1.1	6.7	6.0	-9.8	9.0	3.8
Kansas	1.1	23.2	6.1	7.8	12.2	9.2
Michigan	0.6	7.1	9.6	-2.7	3.3	12.0
West Virginia	0.2	6.5	3.4	0.4	47.6	4.3
North Dakota	0.1	0.0	1.4	0.0	0.0	0.0
Washington	0.0	14.5	3.3	5.4	6.6	-3.9
Wyoming	0.0	-2.2	4.9	-5.7	21.5	-5.6
New Hampsh	0.0	0.0	3.9	18.9	-59.0	6.9
Maine	-0.1	9.6	2.9	-8.6	-2.4	3.1
Indiana	-0.4	2.1	3.7	1.3	11.9	7.5
Texas	-1.1	11.2	12.8	8.8	13.8	5.2
Vermont	-1.3	-4.2	10.0	0.5	7.4	0.3
Dist of Col	-1.7	1.0	2.0	4.3	2.8	0.5
Kentucky	-1.8	0.8	2.7	20.4	24.7	0.9
Virginia	-1.8	7.3	0.9	6.3	11.9	1.9
Idaho	-2.6	2.1	-4.6	22.0	11.3	0.6
Pennsylvania	-2.8	0.5	8.6	9.2	3.3	2.1
Alaska	-3.9	4.1	-0.3	9.7	16.3	-2.9
New York	-4.0	-4.3	0.6	1.5	-1.9	3.2
Connecticut	-4.1	-1.2	15.6	7.2	14.7	6.0
Montana	-4.4	-0.6	-2.3	8.3	12.4	4.9
Minnesota	-5.7	-2.5	6.6	1.2	9.3	0.8
California	-14.3	-1.4	-2.2	3.4	-8.3	-5.2
TOTAL	-0.2	4.3	4.5	4.7	6.2	3.0

An Editorial: Time for a Change . . .

Low Tuition Has Become the Enemy of Opportunity

Equality of higher education opportunity is in very deep trouble in the United States today. Higher education opportunity is moving backward for those from the bottom quartile of family income, for blacks, and for most Hispanics. Other groups that are in somewhat less but still serious trouble include the two middle family income quartiles, and males, as well students in many regions of the country affected by high prices but lacking adequate financial aid to finance college.

There is not enough money available to continue subsidizing the higher educations of students from affluent family incomes who do not "need" those subsidies when those subsidies compromise higher education opportunity for those from low and middle income family backgrounds. The time for low tuition has clearly passed, if indeed there ever was a sound argument for it.

The public policy dilemma is simply this. On the one hand our country's future depends on our ability to broaden postsecondary education and training opportunities for all Americans. The public interests at stake include reducing poverty, providing constructive paths to equality, and improving labor force productivity. The imperative is to extend postsecondary opportunity to a far broader range of the population, in a greater variety of forms, at higher quality, available to individuals throughout their adult lives. Individuals lacking postsecondary exposure face an increasingly grim economic future, with devastating consequences to both private and public welfare.

On the other hand, higher education has received a declining share of state resources for the last twenty-five years. Recently, higher education appears to have moved to the bottom of state budget priorities. Higher education has been unable to present a clear and compelling case why it "needs" state funds to reduce the price of education to students who, under the need analysis formulas used to allocate grant aid, are not financially needy.

Higher education continues to ask for state funds that it does not "need" in this sense, and cannot make a compelling case for its request when measured against more compelling requests for state funds. Prisons, welfare, Medicaid, and K-12 education are presenting more compelling requests for scarce state funds than higher education has been able to do, thus leading to declining shares of state budgets.

The consequences of public higher education's failure to acquire adequate state funds for its true needs, combined with a general reluctance to raise tuitions for those who can afford to pay for more or all of the costs of their own educations, is loss of higher education opportunity to students.

The loss of opportunity takes three main forms: 1) enrollment limits that curtail capacity in institutions, 2) compromised quality where students are admitted to institutions that lack sufficient resources to provide adequate, appropriate, and timely educational experiences, and 3) the loss of affordability as attendance costs increase faster than the combined resources of families and financial aid to pay them.

The tradeoff of low tuition for affluent students at the expense of capacity, quality, and affordability for all students--enrolled or not--is not worth it. Affluent students do not need the subsidies that they are receiving in public two-year and four-year institutions. They absorb resources that institutions need to expand capacity, assure quality, and improve affordability for students from poor and middle income families.

Gradually, low tuition has moved from a vehicle to opportunity to its current status as an obstacle. It is time for higher education to make a more compelling case for the state funds it asks for. The foundation of that case must be assurance that every dollar requested of states will be spent to educate only students who have shown financial need for that state dollar. Those who cannot show financial need must be expected to pay the full cost of their own higher educations.

Unless and until higher education reforms its requests for state funding of education programs for students who truly need the financial assistance to attend college, higher education cannot make as compelling a case for limited state funds as can welfare, Medicaid, prisons, and K-12 education. Higher education is inherently elitist, serving mainly the most affluent families in society. It has not, is not, and cannot make a compelling case for its funding needs from the states when the resources of its clientele appear so rich compared to the resources of its competition in welfare, prisons, and K-12.

The nation must--MUST--broaden postsecondary education and training opportunities for those who will be workers, voters, taxpayers, parents, and leaders in the future. The choice we face is whether to reform higher education finance now to broaden opportunity, or to defer the question and pay for the consequences of our failure in reduced income and tax resources and increased social program costs in welfare, health care, corrections, and the like. We do not need additional resources to broaden postsecondary opportunity. Rather we need to first reallocate that which states provide--away from those who do not need them and toward those who do.-TGM

Ways and Means:
How Minnesota Families Pay for College

The following is taken from the Executive Summary of a report under the above title prepared by Brian Zucker of the Minnesota Private College Research Foundation in St. Paul under a grant from the Lilly Endowment. It was published in November, 1992. Copies of the complete report may be obtained for $5 by calling the Foundation at (612)228-9061.

Preface: The Fiscal Environment for Families and Higher Education

Fiscal Year 1993 marks the third consecutive year of budget retrenchment for state and local governments. The National Association of State Budget Officers reported in April 1992 that 35 states reduced their Fiscal Year 1992 appropriations, up from 29 states the previous year. More than a dozen states will again face budget shortfalls in Fiscal Year 1993 despite significant reductions in the annual rate of spending growth.

As one of the largest discretionary budget items for state government, higher education has not been spared from budget cuts. Among the 35 states forced to reduce their already approved Fiscal Year 1992 budgets, only three maintained their prior year funding commitments to higher education.

Minnesota's experience parallels national trends. Appropriations for higher education in Minnesota have been reduced in each of the last three fiscal years as the state has attempted to manage a budget shortfall that cumulatively totalled nearly $2.5 billion over the 1990 to 1992 period. Additional budget reductions in Minnesota are likely for future fiscal years; the State Department of Finance has projected a shortfall of more than $800 million for the 1994-95 biennium.

Despite increases in state financial aid funding, grant aid as a percent of attendance costs has fallen. During the past four years, public sector attendance costs nationally (including tuition and living costs) have risen by approximately $12 billion, while state and federal grant aid has increased by less than $500 million.

Again, Minnesota's circumstances are similar. While financial aid funding increased in total dollars between 1986 and 1991, over the same period the percentage of Minnesota students' financial aid need met by government grant aid fell by over 25 percent. At the same time, average undergraduate tuition rates increased between 25 percent and 40 percent at the four public postsecondary systems, and by more than 55 percent at the private colleges. Need not met by government grant aid rose by over 50 percent to $370 million for students attending public and private colleges in Minnesota in the 1986 to 1991 period.

Federal reauthorization of the Higher Education Act will not provide relief to the states. Though the 1992 Higher Education Amendments *authorized* larger Pell Grants, the federal appropriations process actually reduced the maximum grant for Fiscal Year 1993. The enduring impact of the 1992 reauthorization may be limited to higher loan limits and expanded loan eligibility.

Government support for higher education has fallen at the same time family ability to pay for college has eroded. Median household income in the U.S. declined by five percent in real terms between 1989 and 1991. Nationally, household purchasing power has fallen below 1979 levels. Minnesotans have fared at least as badly as the nation as a whole. The Census Bureau reported in September 1992 that average household incomes in Minnesota fell by ten percent compared to the previous year. In addition, for those families attending Minnesota colleges and applying for financial aid, inflation-adjusted home equity plummeted by nearly 50 percent between 1985 and 1991. Unfortunately, the prospects for economic growth and restoration of household purchasing power remain grim for the foreseeable future.

Access to the public or private higher education most appropriate for a student's needs has been an explicit public policy objective in Minnesota for more than a decade. And yet, while the financial circumstances of both the state and families have significantly changed, surprisingly little is known about who attends Minnesota's colleges, how they pay for their education, or the nature of their choices and expectations. Our survey focused on family characteristics of undergraduate students attending one of the state's three baccalaureate degree-granting systems: the seven State Universities, the three baccalaureate campuses of the University of Minnesota, and Minnesota's sixteen four-year private liberal arts colleges. By focusing on families, the survey provides a much-needed baseline from which to evaluate the impacts of current higher education policy and develop new policy approaches.

Dependent Students in Minnesota

Who Are They?

Dependent students make up a majority of the students attending baccalaureate colleges in Minnesota. They represented nearly 80 percent of survey respondents.

The than 60 percent of the parents of dependent students have had at least one year of college, a level of education attainment more than one and a half times that of similar aged adults in the general population. While parent educational attainment for all three systems combined is high, pronounced differences exist between the State Universities and Minnesota's two other baccalaureate systems: the State Universities have nearly twice the percentage of "first generation" dependent students as the other two systems.

Nearly 85 percent of all parents of dependent students work, with about half of all families having two parents working full-time. Parent labor force participation is similar for all three systems and exceeds state norms. Given that an individual's prime earning years are between the ages of 40 and 60, the majority of families in our survey may have reached the upper bound of their incomes. Because nearly half of these parents have *at least* one child under the age of 18, their financial pressures will likely intensify in the future.

College participation in the three baccalaureate systems is dominated by middle and upper income families. More than half of all families in the three baccalaureate systems reported incomes in excess of $40,000 per year, and more than a quarter reported incomes of greater than $60,000 per year. For the three systems combined, median family income in 1991 exceeded the estimated state median for families with parents of similar age by more than 13 percent. *Median family income by system is $42,250 for State University students, $45,500 for private college students, and $48,250 for University of Minnesota students.*

Students from families with incomes of less than $30,000 are consistently underrepresented in all three systems relative to their proportion of all families. *Families with annual incomes in excess of $50,000 are about three times more likely to have a student attending a four-year institution as families with incomes under $30,000.*

Studies have consistently documented the private benefits of postsecondary education for more than three decades; college graduates have higher lifetime earnings than high school graduates. Our survey results affirm those findings. *Families that include at least one parent with a baccalaureate degree are about three times as likely to have an income above $60,000 as those with lower education levels.* Consistent with parent educational attainment, a sharp difference exists between families with students attending State Universities and families with students in the other two baccalaureate systems. The median family income of State University students (who are almost twice as likely to be the first in their families to attend college) is nearly 10% below that of private college students, and nearly 15% below that of University of Minnesota students.

Average household size is similar across and within systems for families with incomes above $30,000. The absence of a second parent explains much of the drop in household size for families with incomes below $30,000. *Single-parent households represent more than 40 percent of all households with incomes of less than $30,000.* The percentage of single parent families at lower incomes is between four and eight times greater than the percentage of single parent families with incomes above $40,000.

How Do They Pay for College?

College cost of attendance includes tuition, fees and living expenses. The average cost of attendance at private colleges exceeds costs at public colleges by $7,000 to $8,000. The gap between the two public baccalaureate systems is $500 to $1,000 (the University of Minnesota is the higher cost system). The survey results indicate that *parents with dependents in college use student budgets nearly identical to those used by campus financial aid officers in all three systems. This finding affirms that parents have realistic expectations of the total costs of higher education.*

Grant aid (from all sources) reduces the price gap between the private colleges and public colleges by 39 percent for families with incomes under $35,000. The public/private price gap declines by more than 20 percent for families with incomes between $40,000 and $60,000. Among the two public baccalaureate systems, financial aid reduces attendance costs for families with incomes under $35,000 by more than one-fourth, nearly equalizing costs between the State Universities and the University of Minnesota.

Despite significant differences in attendance costs by system and family income, the general structure of college financing is similar for the three baccalaureate systems. Parent's share, student's share, grant aid and loans are proportionately similar across systems for each family income level.

Parent Share

Actual parent contributions in all three systems significantly exceed contributions expected under the Congressional Methodology, the universal federal formula for determining parental contributions. The difference is particularly acute for students attending private colleges. Congressional Methodology defines parent contribution expectations regardless of the college cost; parent contributions should be a function of the resources a family has available for higher education. Yet, in practice, all families sending their children to private colleges pay more, regardless of income. For families with incomes under $45,000, actual parent contributions of private college students exceed those of public college students by $1,000 to $2,000. Thus, while the Congressional Methodology purports to be cost blind for purposes of determining need and awarding state and federal grant aid, it in fact neither sets nor predicts actual parental contributions.

When asked what they *should* contribute toward their child's education given their financial situation, all parents' predictably suggested lower amounts than their actual contribution. However, *families with incomes above $35,000 seek larger reductions--in absolute and relative terms--than those with incomes below $35,000. In fact, the survey results clearly indicate that lower income families make the greatest financial effort as a percent of their income and in relation to financial aid guidelines.* Self-defined contributions for families with incomes of less than $60,000--two-thirds of all families--exceed the contributions expected by Congressional Methodology by more than 300 percent. Because the gap between expected and actual contributions is not considered for purposes of federal or state grant awards, parents must either contribute significantly larger portions of current earnings or savings than expected by the federal guidelines, or borrow beyond their means.

Student Share

Student contributions towards their education from work and savings are nearly constant across incomes for the University of Minnesota and the private colleges. Work and savings from State University students are lower than the other two systems at virtually every income level. The average student at the University of Minnesota and the private colleges contributes nearly $2,100 in current income and savings to his or her education--an amount that may reflect an upper bound expectation for student contributions. By comparison, Minnesota financial aid policy expects University of Minnesota students receiving financial aid to contribute more than $3,500. Private college students receiving financial aid are expected to contribute more than $6,000--or nearly three times the current average student contribution from work and savings.

Grants and Loans

While grant aid from all sources represents a significant component of family financing packages, on average it does not represent more than 40 percent of the cost of attendance for even the lowest income families. With the exception of minimal contributions from savings, relatives and other sources, grant aid is the only thing standing between current income and debt for many families. The progressive distribution of grant aid notwithstanding, low and moderate income families in all three baccalaureate systems face the most significant burden (relative to their incomes) for funding the difference between the cost of attendance and grant aid.

Despite the significant financial burdens placed on low and middle income families, the proportion of full-time dependent students applying for financial aid reveals a systematic pattern of under-utilization. Nearly one in five families with incomes under $45,000--families most likely to qualify for financial aid--have not applied for aid even though their child is attending full-time. While the survey could not clearly identify the reasons families may have for not seeking financial aid, the number of non-applicants indicates that aggregate need may be at least $50 million greater than the previous estimates of $575 million.

Students with family incomes under $35,000 borrow nearly twice as much annually as those with incomes above $45,000. Lower income families borrow more in total dollars and more as a percent of their incomes. Average annual debt for private college students and parents with family incomes of less than $25,000 is between $3,500 and $4,000--representing 15 percent to 40 percent of family income. Average debt for students in the public systems with family incomes of less than $25,000 is between about $1,200 and $1,900--or about five percent to 20 percent of family income.

Average debt for families with incomes between $30,000 and $55,000 never exceeds the average annual dollar amount borrowed by low income families. In addition, debt levels of middle and upper income families never come close to the percentage of family income sacrificed by low income families. Predictably, families with incomes in excess of $55,000 borrow the least in total and as a percent of their income.

Despite the commitment of institutions and the government to need-based grant aid, low and moderate income families face a tremendous financial burden in paying for college--one which exceeds basic financial aid guidelines and which represents a greater level of effort than that faced by middle and upper income families. The cost burden helps to explain the underrepresentation of lower income families in all three baccalaureate systems. It appears that fewer lower income families are willing or able to take the financial risks necessary for them to pursue a baccalaureate degree in Minnesota.

Savings

More than 56 percent of all Minnesota parents with dependent students enrolled in college have not saved or invested in preparation for their child's college education. Not surprisingly, families with the lowest incomes are least likely to save. However, even at incomes greater than $45,000, nearly half of all parents report that they have not saved. The savings practices of parents flies in the face of long held public policy expectations. State and federal higher education policies have consistently and historically acknowledged the primary role of the family in paying for college.

Perhaps not surprisingly given the condition of family resources, *more than one-third of all parents believe that their financial support will not keep pace with attendance costs and may even decrease before their son or daughter graduates.* Though low income families are most likely to reduce their financial support, one in four families with incomes greater than $50,000 also anticipate some reduction in their support for their children's college education.

In stark contrast, those who have saved for college contribute substantially more to their children's education than non-savers, regardless of income. Moreover, parents who have saved are 20 percent less likely to reduce their support than non-savers.

Family Choices and Expectations

No less than 80 percent of all parents--across all incomes and systems--expect their son or daughter to finish college and earn a degree within five years. The responses bear little relation to actual completion rates--particularly in the two public baccalaureate systems. The finding is particularly significant because the survey included parents of freshmen, sophomores, and juniors. It suggests that the majority of parents expect their children to earn a degree within five years even though completion within that time is highly unlikely.

The vast majority of dependent students are committed to a traditional collegiate experience, irrespective of family income. Low income students are at least as likely, and in some cases more likely, to attend full-time and live away from home as middle and upper income students. More than 80 percent of all dependent students in the three baccalaureate systems took a full credit load and lived away from home during spring term 1992.

Most parents indicated that their son or daughter attends their first-choice institution. Perhaps surprisingly, high-cost institutions were the most likely first-choice for students with family incomes of less than $40,000. This suggests that low income families who have accepted the steep financial burdens they will face to attend a Minnesota baccalaureate institution--public or private--make value judgements in favor of high cost institutions. It also suggests that the interaction of federal, state, and institutional grant aid is a powerful factor in sustaining college choice for those students committed to a baccalaureate education.

Independent Students in Minnesota

Who Are They?

The survey classified all students over age 24 as independent students. Consistent with financial aid policies, independent students were divided into four distinct groups for analytic purposes: single, single parents, married, married parents. Though the groups share the common pursuit of a baccalaureate degree, each faces distinct financial constraints and personal and professional obligations that compete directly with their educational goals.

Nearly half of all independent students are parents, with more than one in six identified as single parents. While all three systems have similar proportions of married non-parents, the systems diverge sharply for all other classifications. Single non-parents represent about half of all independent students at the private colleges and the University of Minnesota, while married parents constitute the largest group of independent students at the State Universities. State Universities also have the largest proportion of single parents.

Women comprise nearly 60 percent of all independent students in the three baccalaureate systems. Family status appears to be the most significant factor influencing system choice among women. Single women, for example, are more likely to attend private colleges, while married women without children most often attend state universities. Single non-parent females select the University of Minnesota least often. In general, women make up a larger share of total independent student enrollment in the private colleges and State Universities than in the University of Minnesota, regardless of family status.

Female independent students are older than their male counterparts in all three systems, regardless of family status. The average female student is nearly four years older than the average male student (32.2 compared to 28.4). The participation and age of independent female students suggests an end, or at least a narrowing, in the long-standing disparity in male and female educational attainment.

Less than three percent of all independent students have already earned a baccalaureate degree. In all three systems, proportionately more married students than single students have attended or transferred from a two-year college. Among married students, one in five are the first in their household to attend college, and two-thirds are the first to seek a baccalaureate degree. Women comprise more than 60 percent of the "first generation" students. *Nearly 35 percent of all independent students work full-time.* The percentage of independent students working full-time and attending a State University or private college is virtually identical, and is nearly two times larger than the percentage of University of Minnesota students working full-time. However, the unemployment rate among independent students remains high, averaging 9.8 percent for male students and 7.4 percent for female students, both considerably higher than Minnesota's overall unemployment rate. Single parents are the most likely to be unemployed or not seeking employment, while single non-parents are most likely to work at least part-time.

When taken altogether, independent students have family incomes significantly below those of dependent students. However, differences in family status reveal significant differences among the various categories of independent students. The median income of single students is $8,600, compared to a median income of $34,000 for married students. Because the State Universities enroll the greatest percentage of married independent students, and the University of Minnesota the least, the median family income of independent students attending a State University is more than double that of the University of Minnesota students. The private colleges sit squarely in the middle across all income ranges.

How Do They Pay for College?

Family status and attendance patterns play a key role in understanding the ways in which independent students pay for college. The variations in financing largely depend on whether a student attends full-time or part-time. Credit loan, in turn, is a function of family status. Under current financial aid guidelines, the likelihood that an independent student will receive assistance is linked both to credit load and, for many students, an income which nearly approaches the poverty threshold.

Work and Savings

About 20 percent of the attendance costs of full-time independent students are paid through current income and five percent through savings. For part-time independent students, employment and savings account for 25 to 30 percent of the attendance costs. Because attendance costs for independent students do not typically include room and board expenditures, independent student contributions are similar to contributions made by dependent students.

Like low income dependent students, the actual contributions of independent students with incomes under $15,000 typically exceed federal guidelines under the Congressional Methodology. However, on average, low income independent students contribute only about $200 more than expected under federal rules. On the other hand, independent students with family incomes of greater than $20,000 (who collectively represent 42 percent of all independent students) actually contribute far less than expected under federal guidelines, suggesting that these students rely heavily on either loans or other third-party financing in order to pursue their education. Family status significantly influences the relationship of actual contributions to expected contributions. On average, single and married parents earning less than $20,000 contribute more than expected, while non-parents generally contribute less. In any case, the deviations from expected contribution levels challenge the Congressional Methodology as a realistic needs analysis.

Like their dependent student colleagues, *the majority of independent students do not save; only one in five independent students saved or invested for their college education.* Not more than 40 percent of any of the independent student groups indicated that they had saved for their college education. Surprisingly, single non-parents--the poorest of the four independent student groups--are the most likely to have saved. Savings rates for single non-parent students exceed those of their married and parent counterparts in all three systems.

Nearly half of all independent students (47 percent) expect to reduce their financial commitment before they graduate. Low income single students and married students with family incomes above $20,000 are most likely to reduce their financial commitment. University of Minnesota students are more likely to decrease their financial commitment than students in either the State Universities or the private colleges, regardless of family status.

Grant Aid

For most independent students, grant aid constitutes the major source of funding for college. This is true for both full-time and part-time students, even though grants account for five to ten percent less of the financial aid package for part-time students than for full-time students.

Like dependent students, significant numbers of independent students do not apply for financial aid even though they attend full-time. *Though they typically have the lowest incomes, single independent students, including both parents and non-parents, are least likely among all independent students to apply for financial aid.*

Other Funding Sources

Unlike dependent students, independent students often receive financial assistance from third party sources. *For low income independent students, third party funding represents more than five percent of the cost of attendance. However, for independent students with incomes greater than $40,000, third party sources represent about ten percent of the cost of attendance.* Employer and Veteran's Administration benefits represent the two most common sources of "other income." Third party financing for dependent students accounts for less than two percent of the total cost.

Loans

For both full-time and part-time independent students, loans typically represent between 30 percent and 40 percent of the college financing package. Not surprisingly, higher income students typically borrow less than all other independent students. Independent students attending the University of Minnesota borrow more as a percentage of attendance costs than students attending either the State Universities or the private colleges.

Student Choices and Expectations

Collectively, 45 percent of all independent students anticipate that completing college will require six or more years. Nonetheless, nearly all independent students plan to acquire a baccalaureate degree. Interestingly, expected time to completion of independent students more closely resembles actual rates for *all* students in both the State Universities and the University of Minnesota.

Independent students have more complex attendance patterns than dependent students. Term-to-term credit loads vary significantly and periodic enrollment disruptions are more common. As expected, credit loads also vary by family status. As independent students move up in age and income, changes in family status from single to married become more likely. At the same time, credit load reductions also become more likely, with students dropping from full-time to part-time status. The State Universities, who have the highest percentage of married students, have the most part-time students. On the other hand, the University of Minnesota, with the most single students, has the highest percentage of full-time students.

During spring term 1992, 57 percent of all independent students took a full-time credit load (12 or more credits), 18 percent took six to eleven credits, 14 percent took less than six credits, and the remainder did not attend. While credit load patterns vary by system, married students were consistently less likely to take full-time loads than single students.

Students with incomes under $5,000 are more likely to attend full-time than students from all other incomes, regardless of family status. In other words, those students least likely to be working take the largest credit loads.

As with dependent students, *the overwhelming majority of independent students attend their first-choice institution.* However, family and employment circumstances often limit the student's institutional choices. Not surprisingly, about 22 percent of all independent students did not indicate a second-choice institution.

Looking to the Future: Conclusions

1. *State and federal higher education financing policies require a much greater income commitment and a significantly larger debt burden for low income families than for high income families.* This clearly indicates that access to higher education is at least partly linked to ability to pay. In general, families with incomes under $40,000 commit as much as five times their expected contribution under federal guidelines. This challenges the present needs analysis and the adequacy of current grant aid. In addition, it raises serious questions in Minnesota about the variance between actual parent budgets and budgets used by the Higher Education Coordinating Board to award State Grants.
2. *Students from wealthier families are more likely to attend college--public or private--than those from poor families.* Participation from low income families is significantly lower than it should be in terms of representation in the total population. To the extent that parental educational attainment is linked to student participation, this finding reinforces the trend of increasing polarization among social and economic classes. Parents who have not attended at least some college are the least likely to have children who pursue baccalaureate degrees.
3. *Contrary to popular belief, Minnesota's three baccalaureate degree-granting systems serve families with similar economic and social characteristics.* The long-held myth of private colleges as exclusive enclaves for the wealthy is unfounded in Minnesota.
4. *Financial aid is not fully utilized.* Despite changes in family budgets and need, fewer dependent and independent students apply for aid than should be expected. Conservatively, ten percent more Minnesota families should apply for aid than currently do. This suggests a need to review current strategies for distribution of financial aid information.
5. *Families do a poor job of preparing for college.* Those who save are far more likely to sustain their financial support throughout their children's or their own college education. Sustained or increased family commitments, particularly among those most able, allows public policy makers to direct limited resources to those students and families most in need.
6. *Low income students seek the same traditional college experience as students from families with high incomes.* As a group, low income students take the same course load and are as likely to live away from home as their higher income colleagues. In addition, the vast majority of parents across all income levels expect their son or daughter to complete a college degree within five years. This questions the use of state financial aid to increase student course loads by rationing aid to part-time students while holding non-aid recipients harmless.

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Postsecondary Education OPPORTUNITY

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 12 **Iowa City, Iowa** **April 1993**

But A Quarter Didn't . . .

Nearly Three-Quarters of College Freshmen Enrolled in First Choice College in 1992

College choice is the dimension of higher education opportunity where students tailor their higher education experience to their own needs and goals. Institutional choice includes academic environment, outcomes, environmental fit, and affordability considerations important to student educational and career goals.

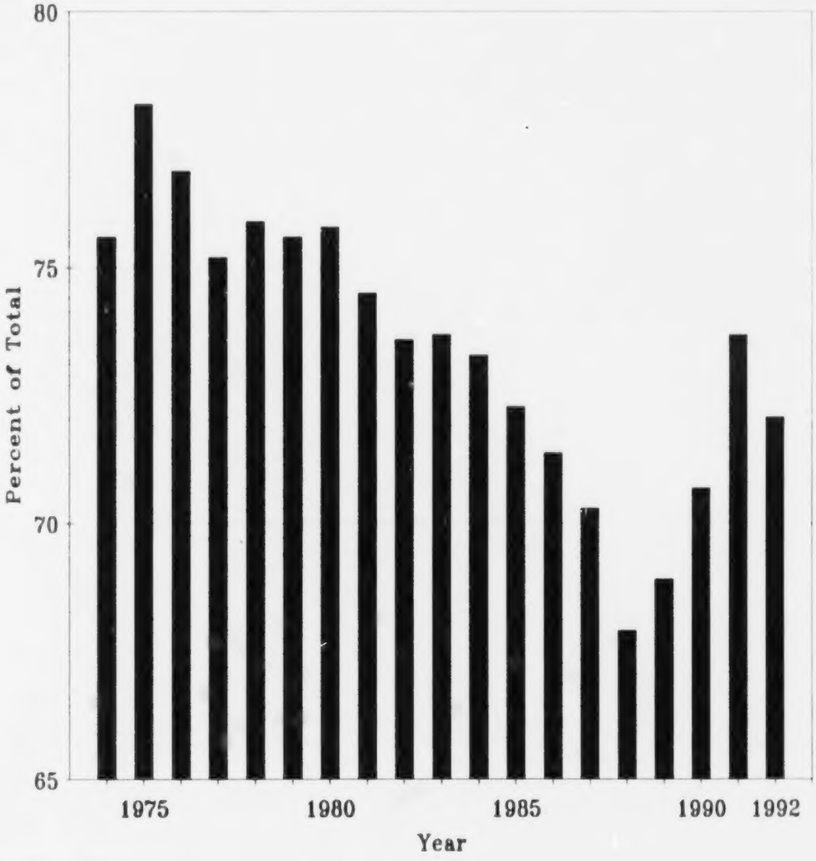
In 1992 nearly three college freshmen out of four reported that they were enrolled in their first choice college or university. That means, of course, that more than one in four freshmen were unable to enroll in their first choice college or university.

In this analysis, we use data from **The American Freshman: National Norms For Fall 1992** and for prior years to construct a descriptive profile of college choice in the United States. The 1992 report was based on survey responses from more than 213,000 first-time, full-time college freshmen at 404 of the nation's two-year and four-year colleges and universities. Survey responses were statistically weighted to reflect the responses of 1.7 million entering college freshmen in the fall of 1992.

The survey was conducted by the Graduate School of Education of the University of California at Los Angeles and the American Council on Education. The survey has been conducted each year since 1966.

In this report we describe college choice generally and by gender over time, reasons for college choice, the application/admission/choicedecisions by students and their families, and special problems faced by blacks.

Enrollment in First Choice College or University
by First-Time, Full-Time College Freshmen
1974 to 1992



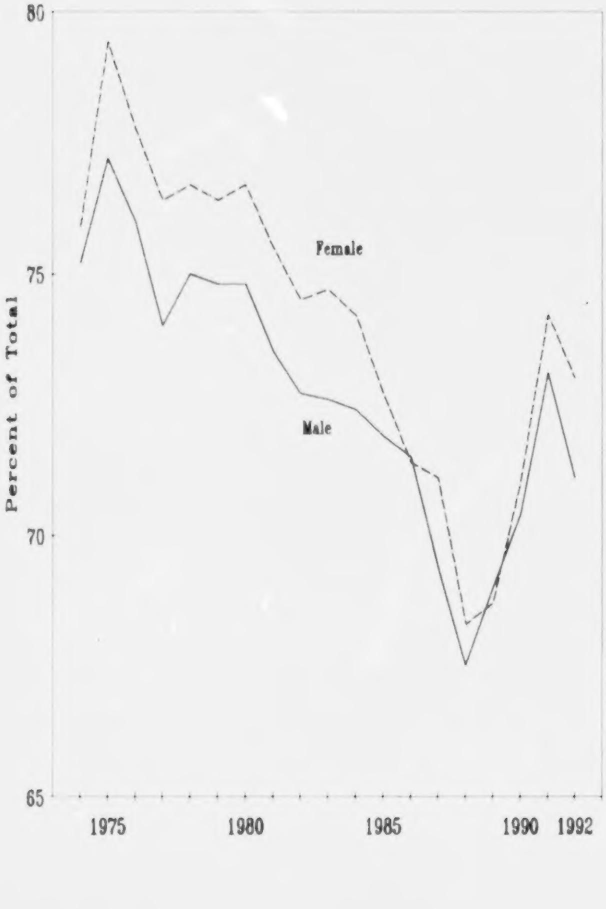
First Choice Enrollment

In the fall of 1992, 72.1 percent of all first-time, full-time college freshmen reported that they had enrolled in their first choice college or university. Another 20.4 percent enrolled in their second choice institution, 4.9 percent in their third choice, and 2.6 percent in less than their third choice institution.

Over the nineteen years that the **Freshman Norms** survey has asked this question, the proportion of college freshmen reporting that they were enrolled in their first choice institution ranged from a high of about 78 percent in 1975 to a low of about 68 percent in 1988. First choice college enrollment rates were highest in the 1970s--the "golden years" of student financial aid--and lowest in the second half of the 1980s.

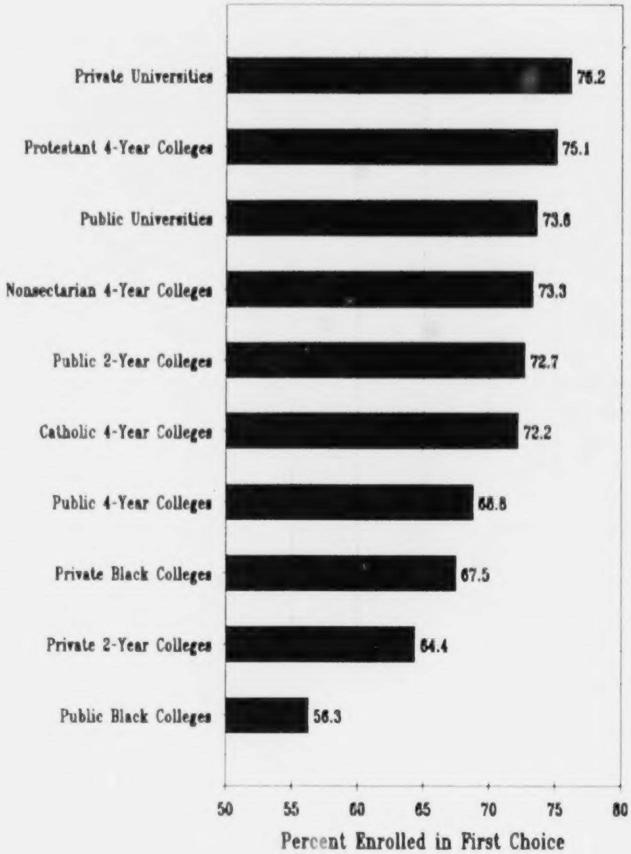
The trends for male and female college freshmen were very similar between 1974 and 1992, as shown in the following chart. With only two exceptions during this 19 year period, females have reported enrollment at their first choice institution more often than men. However, the difference between the male and female first choice college enrollment rates has narrowed during the last decade.

Enrollment in First Choice College or University
by First-Time, Full-Time College Freshmen by Gender
1974 to 1992



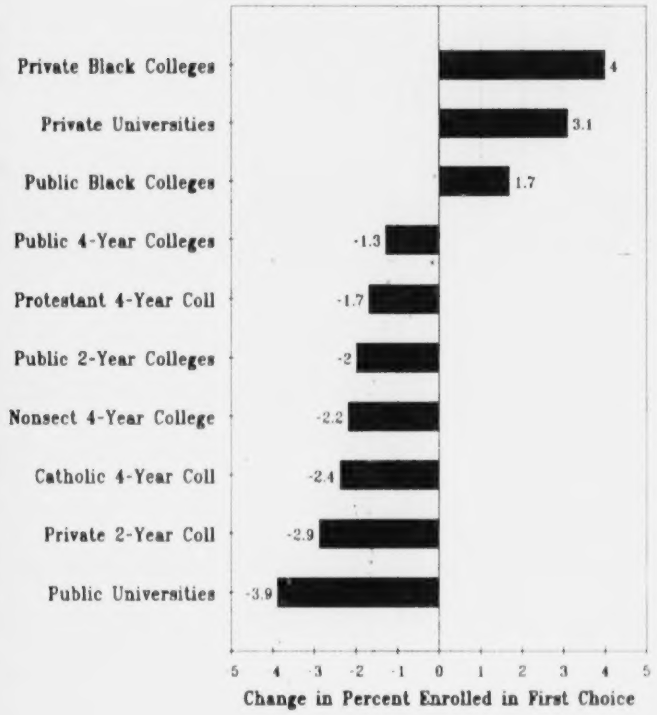
The rate at which college freshmen reported that they were enrolled in their first choice college or university varied by institutional type and control in 1992. While the overall rate was 72.1 percent in 1992, the rate ranged from a high of about 76 percent of those enrolled in **private universities** to a low of about 56 percent of those enrolled in **public black colleges**. Generally universities enrolled a larger share of freshmen reporting first choice enrollments, while black institutions enrolled the smallest proportion of first choice students.

Enrollment in First Choice
College or University, 1992



Over the last decade, between 1982 and 1992 while first choice college enrollment rates have *decreased* somewhat, some higher education institutional types have managed to *increase* the proportion of their freshmen classes that reported that they had enrolled in their first choice. The three types that made gains were **private black colleges, private universities,** and **public black colleges**. Notable for their loss were **public universities** and **private 2-year colleges**, as shown in the chart on the following page.

Change in Enrollment in First Choice College or University Between 1982 and 1992



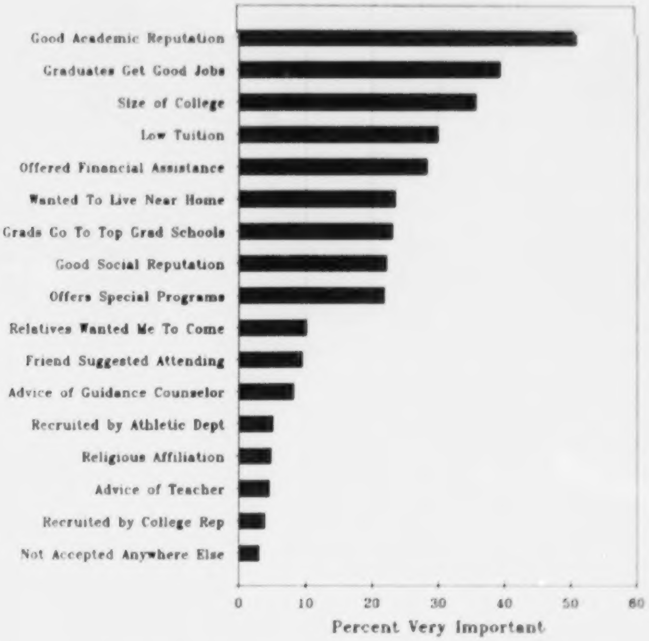
Reasons for College Choice

In 1992 college freshmen gave primary weight to the academic reputation of the college where they were enrolled as a very important reason for being there. Over half identified this as very important to institutional selection

Although one can classify survey responses differently from those chosen below, generally, the most often cited "very important" reasons for enrolling in a particular college can be classified as **academic environment** (good academic reputation, offers special programs), **outcomes** (graduates get good jobs, graduates go to top graduate schools), **environmental fit** (size of college, good social reputation, wanted to live near home), and **affordability** (low tuition, offered financial assistance).

Those reasons given least weight in institutional selection generally relate to the influence of people: **relatives, friends, guidance counselors, teachers**, and **college representatives**. Apparently college freshmen are able to distinguish between their substantive reasons for being at a particular college and the providers of the information that facilitate college selection decisions.

Very Important Reasons for Enrollment in Particular College or University, 1992



Postsecondary Education
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Editor and Publisher
Thomas G. Mortenson
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Mission Statement

This newsletter is founded on two fundamental beliefs. First, sound public policy requires accurate, current, independent, and focused information on the human condition. Second, education is essential to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for all Americans.

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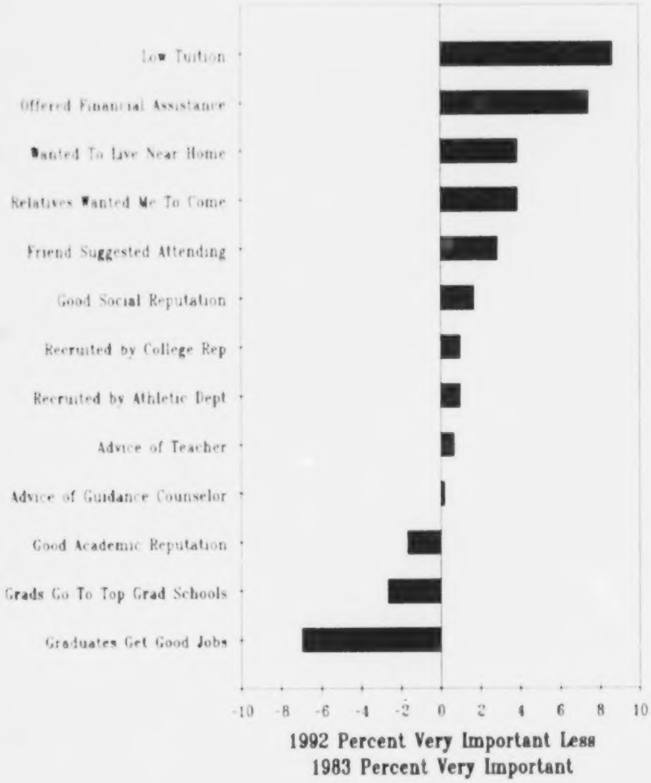
Between 1983 and 1992 the pattern of responses to the list of reasons for college selection shifted. As shown in the following chart, college freshmen were more likely to give greater weight to financial considerations in 1992 than they did in 1983. The two reasons for choosing a particular college that increased in importance the most were **low tuition** and **offered financial assistance**.

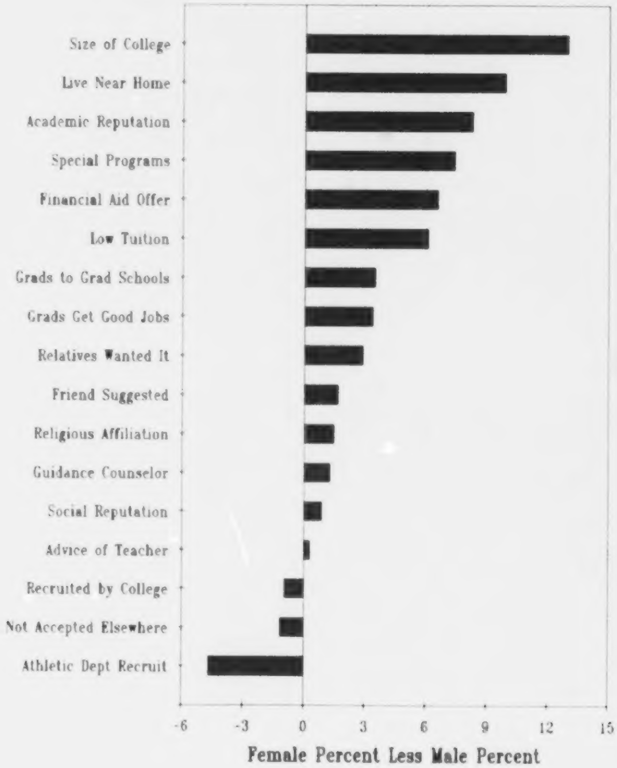
The two reasons for college selection that declined the most in importance between 1983 and 1992 were the two outcomes measures: **graduates get good jobs**, and **graduates go to top graduate schools**. These are still important to college freshmen, but somewhat less so to the class of 1992 than they were to the class of 1983.

Difference Between 1983 and 1992 in
Very Important Reasons for Enrollment
in College or University



Males and females responded somewhat differently to the list of reasons for being enrolled in their college or university in 1992. Generally, females were more likely to cite reasons for attending a particular college as being very important than were males (as they are to cite being enrolled in their first choice college than are males). However, females stood out from males on some environmental factors (size of college, live near home), academic environment (good academic reputation, offers special programs), and affordability (offered financial assistance, low tuition).

Difference Between Male and Female Reasons
for Enrollment in College or University, 1992

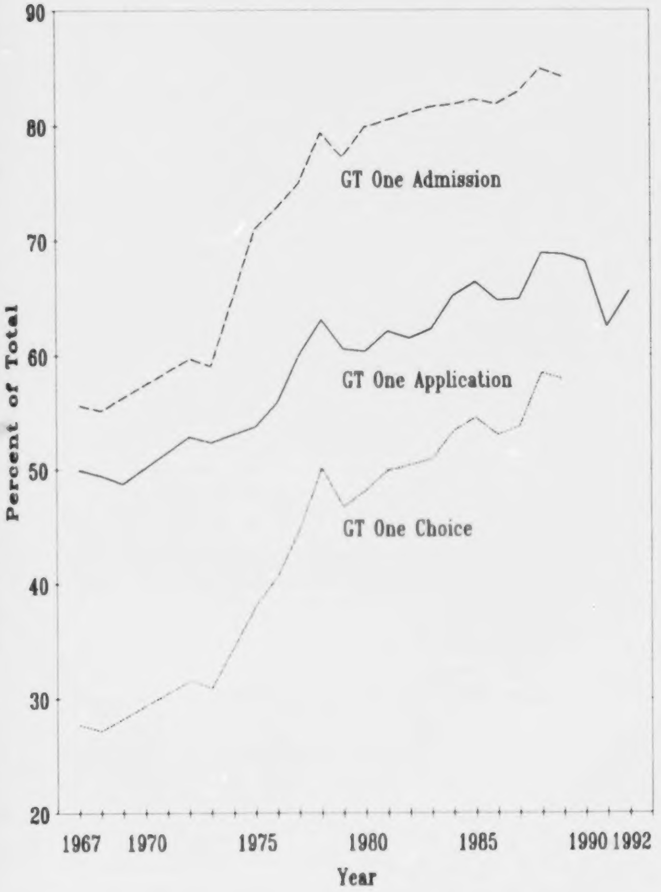


Multiple Applications, Admissions, and Choices

An important aspect of choice is the multiple college application phenomenon. In the 1970s in particular, the proportion of first-time, full-time college freshmen reporting that they had applied to more than one college for admission increased from about 50 percent in 1970 to about 60 percent by 1980, and to nearly 70 percent by the late 1980s. In 1992 65 percent of enrolled freshmen reported that they had applied to more than one college for admission.

Although the **Freshman Norms** survey stopped asking college freshmen if they had been accepted for admission at more than one college after 1989, the proportion of enrolled college freshmen that had applied to and been accepted by more than one college--and hence actually faced a college choice--can be calculated for the years 1967 through 1989. We have done so in the following chart.

Multiple College Applications and Admissions
1967 to 1992



Between the late 1960s and the late 1980s (when the key multiple acceptance question was dropped from the survey), the proportion of enrolled college freshmen that actually had more than one college from which to choose more than doubled, from less than 30 percent to nearly 60 percent.

College Choice for Blacks and Whites

Past analyses reported by the author from the **Freshman Norms** data files have identified the large disadvantage faced by blacks in the college choice process. Controlling for both high school grades and family income, black college freshmen invariably report that they are less likely to be enrolled in their first choice college or university than are whites. These differences are large and persistent. We revisit this question with data from the 1992 survey, courtesy of a special tabulation effort by Dr. Eric Dey, Director of the Freshman Survey at the Higher Education Research Institute at UCLA.

The data in the following table summarizes enrollment rates in first choice colleges for whites and blacks who applied to more than one college for admission. Data are for 1992, and control for both high school grades (A/B/C) and family income (using quartiles, as reported in the March issue of OPPORTUNITY).

First Choice College Enrollment Rates
for Whites Who Applied to More Than One College

Parental	High School Grades			
Income	C	B	A	Total
Q1: LT $20,000	61.7	63.5	69.6	64.7
Q2: $20,000 to $40,000	58.7	63.7	70.2	64.9
Q3: $40,000 to $60,000	53.7	63.2	69.3	63.8
Q4: GT $60,000	56.4	64.3	70.4	65.2
Total	57.0	63.8	70.0	64.7

First Choice College Enrollment Rates
for Blacks Who Applied to More Than One College

Q1: LT $20,000	50.2	55.0	67.0	55.2
Q2: $20,000 to $40,000	43.7	50.1	49.8	48.2
Q3: $40,000 to $60,000	46.1	53.2	55.6	52.0
Q4: GT $60,000	46.2	56.3	62.2	55.0
Total	46.9	53.5	58.4	52.5

Difference in First Choice College Enrollment Rates
Between Blacks and Whites

Q1: LT $20,000	-11.5	-8.5	-2.6	-9.5
Q2: $20,000 to $40,000	-15.0	-13.6	-20.4	-16.7
Q3: $40,000 to $60,000	-7.6	-10.0	-13.7	-11.8
Q4: GT $60,000	-10.2	-8.0	-8.2	-10.2
Total	-10.1	-10.3	-11.6	-12.2

These data indicate that for both whites and blacks, first choice enrollment is not affected by parental income. However, for both whites and blacks first choice enrollment rates increase significantly with increases in high school grades. Clearly high school grades have more to do with first choice college enrollment rates than does parental income.

But the above tables also indicate that race is a significant factor in first choice college enrollment rates. For those who applied to more than one college for admission in 1992, the first choice college enrollment rate was about 12 percentage points higher for whites than for blacks. Even when either high school grades alone, or parental income alone, or both grades and income together were controlled for, blacks were anywhere from 2.6 to 20.4 percentage points less likely than whites to have enrolled in their first choice college.

Choice Findings and Conclusions

College choice is an important dimension of postsecondary opportunity for students. Through college choice students tailor their higher education experience to their personal academic and vocational goals, to institutional environmental characteristics that match their perceived needs and expectations, and to economic factors that bring into balance the direct and indirect costs of college attendance with resources available to the student to finance them. No one other than the student himself or herself can decide these fits. And certainly no one other than the student is prepared to assume responsibility for the consequences if the match is imperfect and leads to failure.

In America about three students out of four enroll in their first choice college or university. That means that one student out of four enrolls in their second, or third, or lower choice institution. First choice college enrollment rates declined steadily between 1975 and 1988, from about 78 percent to about 68 percent of all first-time, full-time college freshmen. Since 1988 this rate has recovered somewhat, and was about 72 percent for the freshman class in the fall of 1992. Rates for both males and females followed this overall trend almost precisely, although females are somewhat more likely than males to report enrollment in their first choice college.

By institutional type and control, freshmen entering private universities are most likely to report that they had entered their first choice institution. Freshmen entering public black colleges were least likely to report that this was their first choice institution. However, over the decade between 1982 and 1992, freshmen entering private black colleges, private universities, and public black colleges all reported gains in their first choice college enrollment rates. All other public and private, two- four-year colleges and universities reported declines in their first choice enrollment rates. The decline was largest among freshmen entering public universities.

College freshmen give greatest weight to academic environment, outcomes, environmental fit, and affordability considerations in choosing a particular college. They give least weight to the advice given by relatives, friends, teachers, and college representatives. Freshmen appear able to distinguish specific features of the institutions from the sources of this information.

Between 1983 and 1992, some factors became more important in college selection and others became less important to surveyed freshmen. By far the most important increases occurred in factors related to college affordability. As identified in the survey, these were "low tuition" and "offered financial assistance." The significance of this finding for public and institutional policy cannot be overstated: students are clearly more worried about college affordability in 1992 than they were in 1983.

At the other extreme, college freshmen give less weight to college outcomes in 1992 than they did in 1983. Both "graduates get good jobs" and "graduates go to top graduate schools" lost some importance to college freshmen. Both remain important, however, to many incoming college freshmen.

Females differ from males in the weights they give to different factors in college choice. Females were most likely to differ from males on environmental fit factors such as the "size of the college" and "wanted to live near home."

About two-thirds of all college freshmen applied to more than one college for admission, and nearly all of these were accepted by more than one college. These students truly had a choice among colleges willing to admit them. The proportion of freshmen with such a choice increased from less than 30 percent of enrolled freshmen in the late 1960s to nearly 60 percent by the late 1980s.

High school grades and being white are important positive factors in gaining admission to first choice colleges. Parental income appears to be a neutral factor. But being black appears to be a distinct disadvantage in college choice--it decreases one's chance of gaining enrollment in first choice by an average of 12 percentage points, even after controlling for high school grades and family income.

* * * * *

College choice can be analyzed in many ways not reported here. For example, this report does not address socioeconomic stratification in American higher education enrollments. Stratification has clear and important consequences for life's opportunities that follow higher education. This is a choice issue to be addressed in a future issue of **Postsecondary OPPORTUNITY**.

All data for this report were collected in annual surveys of enrolled college freshmen between 1966 and 1992 by Alexander Astin and his colleagues, first at the American Council on Education in Washington, DC, and since 1973 at the Graduate School of Education at the University of California at Los Angeles.

Dey, E. L., Astin, A. W., Korn, W. S., and Riggs, E. R. (1992). *The American Freshman: National Norms for Fall 1992.* Los Angeles: Higher Education Research Institute, UCLA.

More, and Less . . .

Public Flagship Tuitions Up 9 Percent in FY1993 and 43 Percent Over Last Four Years

Tuition and fees charged state residents in public institutions vary widely between the states--by a factor of five between the highest and lowest states, according to data recently reported by the State of Washington Higher Education Coordinating Board. Moreover, during the last four years the increase in tuition and fees at state flagship universities was as much as eleven times greater in the highest state compared to the state with the smallest increase during this period. Finally, some states appear to be profiting from the tuitions charged non-residents studying in their state flagship universities.

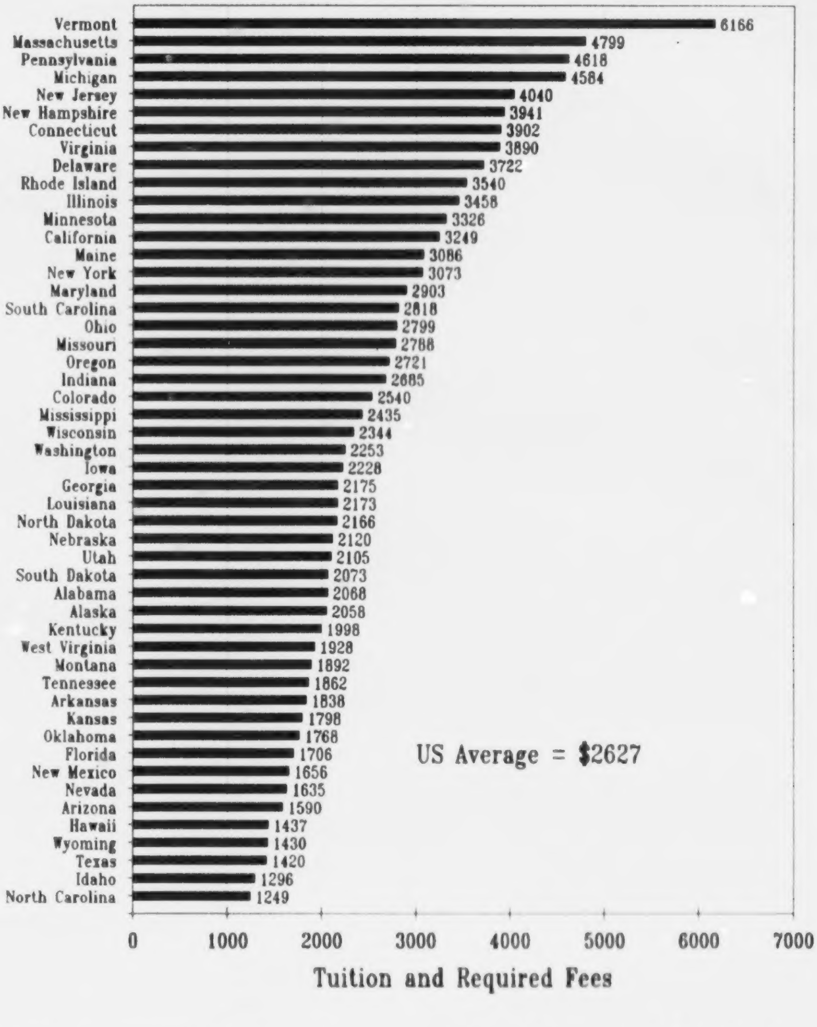
These and many other findings are to be gleaned from the State of Washington Higher Education Coordinating Board's annual state survey of tuition and required fees charged resident and non-resident, undergraduate and graduate students enrolled in public universities, colleges and state universities, and community colleges in the 50 states. These data have been collected and reported since 1968-69, and are available on disk since 1972-73 by request.

In this report we focus on three aspects of tuition and required fee charges for undergraduate students in each state's flagship public university: a comparison of the rates by state, the change in the rates by state over the last four years, and the non-resident surcharge above the rate charged state residents.

Resident Undergraduate Tuition and Required Fees

For the 1992-93 academic year, annual tuition and fees for undergraduates in state flagship universities averaged $2627. They ranged from a low of $1249 in **North Carolina**, to a high of $6166 in **Vermont**, or by a ration of about five-to-one between the highest and the lowest.

Resident Undergraduate Tuition and Required Fees at State Flagship University, 1992-93



Those states with especially high tuition and fee charges for their undergraduates very often also have substantial state need-based grant programs for their undergraduate students. **Vermont**, for example allocated more than 20 percent of its state higher education budget for need-based Incentive Grants. Vermont not only ranks first among the states in the proportion of its state higher education budget allocated to student aid, but second in terms of the proportion of undergraduates receiving need-based student aid.

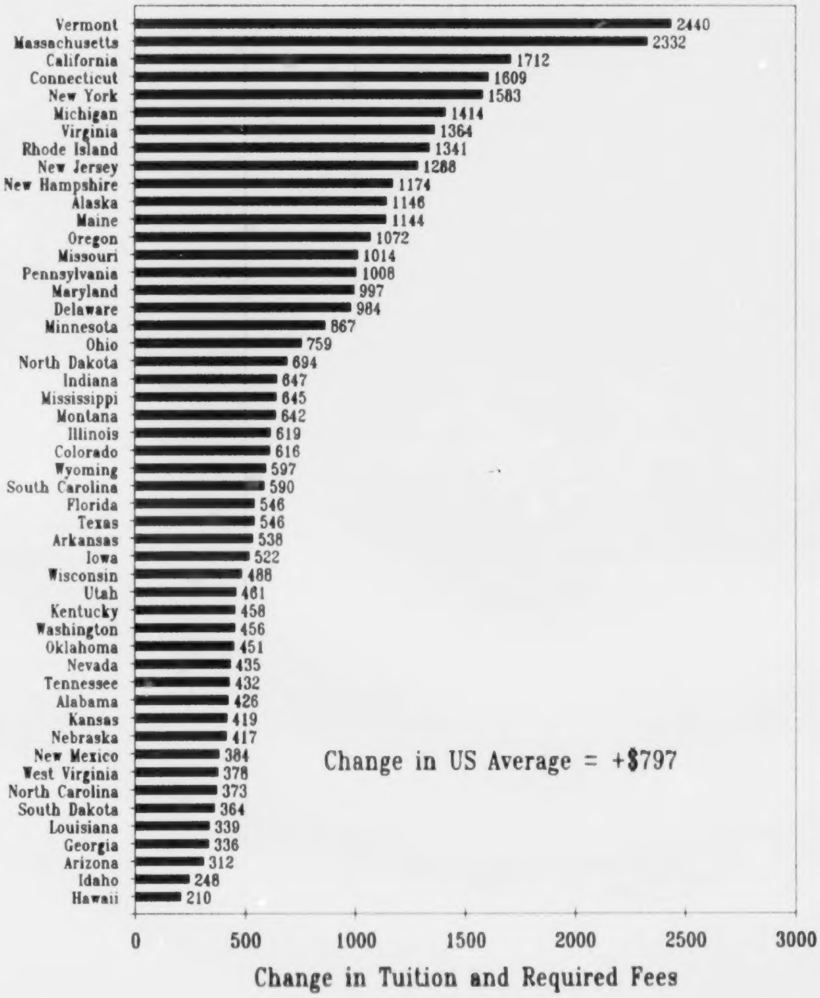
Other states with above average tuitions and above average state grant program shares of state higher education budgets include **Massachusetts, Pennsylvania, New Jersey, Connecticut, Rhode Island, Illinois, Minnesota, New York**, and **Ohio**. Often, states with low tuitions also have very small--often practically non-existent--state student aid programs. Such states include **Idaho, Wyoming, Hawaii, Arizona, South Dakota**, and **Nebraska**.

Among the more interesting anomalies in this pattern are the states with high tuitions and small financial aid programs, such as **New Hampshire** (which doesn't like to tax or spend money at all), **Virginia** (which appropriates student aid monies directly to institutions), **Delaware, California** (currently in fiscal crisis), and **Maine** (building a student aid program). The other set of anomalies include the states with low tuition and at least some commitment to state student grant funding: **North Carolina, Texas, New Mexico, Florida**, and **Oklahoma**.

Tuition Increases: 1988-89 to 1992-93

Tuition and required fee increases for resident undergraduates in state flagship universities over the last four years ranged from $210 in **Hawaii**, to $2440 in **Vermont**, a range more than eleven to one. The average increase during this four year period was $797. States with large increases appear to have been hit hard during the economic recession than began in 1990, and nearly all of the states with above average increases are northern states. States in the southeast are not represented at the top of the list.

Change in Resident Undergraduate Tuition and Required Fees Between 1988-89 and 1992-93



Expressed as percentages, the tuition increases that occurred during the last four years have ranged from as little as 17 percent in **Hawaii**, and 18 percent in **Georgia and Louisiana**, to as much as 126 percent in **Alaska**, 111 percent in **California**, and 106 percent in **New York**. The average increase across all states was 43.5 percent between 1988-89 and 1992-93. During this period, median family income for families with unmarried, dependent 18 to 24 year old high school graduates increased by 18 percent. Thus, the national average rate of tuition increase was nearly two-and-a-half times greater than the national rate of increase in median family income during this period. Moreover, these large tuition increases occurred nearly in nearly every state.

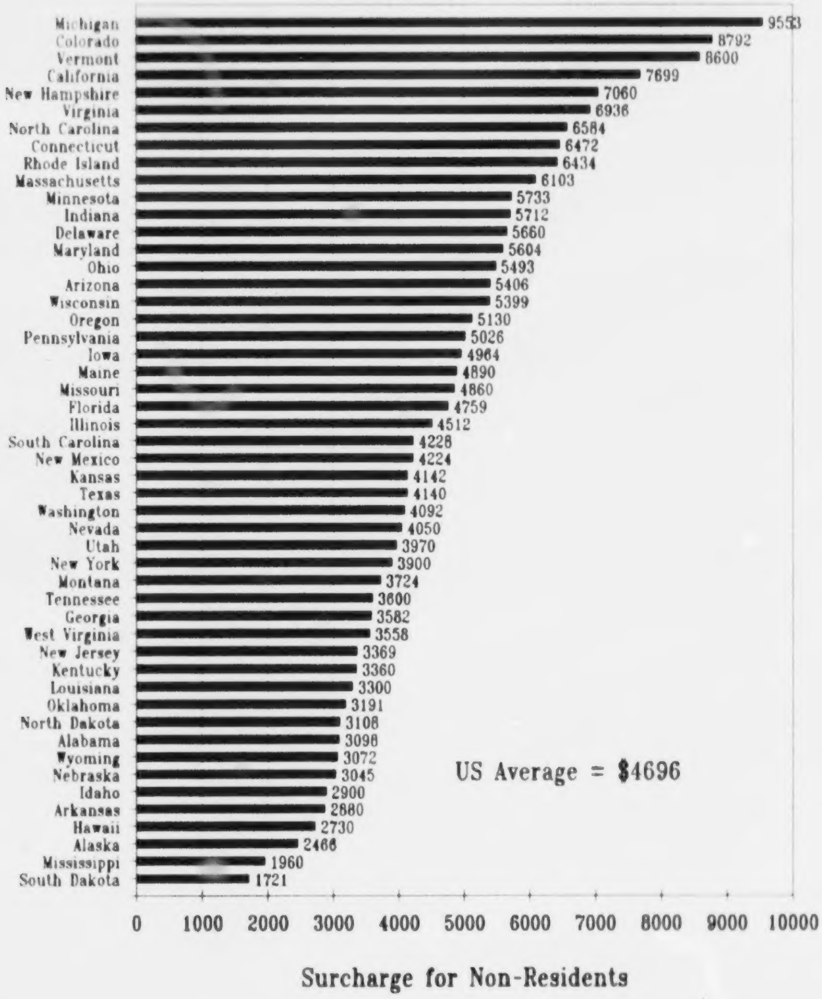
Non-resident Surcharge

All states surcharge non-resident undergraduates in their state flagship universities. But a number of them appear to be making profits--sometimes substantial--off the enrollment on non-resident undergraduate students in their institutions. **Vermont, Michigan, New Hampshire, Connecticut, Virginia, Delaware, Rhode Island, Minnesota**, and **California** all have relative high tuitions for their state residents, and also very high non-resident tuition surcharges for non-residents studying in their state flagship universities. At least three of the top five non-resident surcharge states also offer downhill skiing in the winter months when universities are in session. These non-resident surcharges appear to produce total tuition charges to non-residents that are thousands of dollars above estimates of expenditures for the education of such students.

Colleges and State Universities

The Washington tuition survey reports tuition and required fee data by state for colleges and state universities.

Non-Resident Surcharge Added at
State Flagship University, 1992-93



The states of Alaska, Delaware, Hawaii, and Wyoming are not included in these tabulations.

In 1992-93, college and state university tuition and required fees ranged from a low of $1204 in **New Mexico**, to a high of $3549 in **Vermont**, with a mean of $2123. Generally, northeastern states have the highest tuition rates and states in the west and south charge the lowest rates.

Between 1988-89 and 1992-93, tuition and required fees in colleges and state universities increased in all states. **Massachusetts** had the largest increase at $1689, and **Georgia** had the smallest at $258. States with the largest increases were generally in the northeast, including also **New York, Connecticut, New Jersey, South Carolina**, and **Virginia**--all with increases of more than $1000.

Community Colleges

Tuition and required fees in community colleges were highest in 1992-93 in **Massachusetts, Indiana, Vermont**, and **New York**--all clustering between $1913 and $1942. They were lowest **California**, at $300 in 1992-93. Between 1988-89 and 1992-93 tuition increases were greatest in **Massachusetts**--up $915--and least in **New Mexico**--up $54.

The tuition and fee data used in this report were collected by Jackie Johnson, and published by the State of Washington Higher Education Coordinating Board, 917 Lakeridge Way, GV-11, Olympia, Washington, 98504. Phone: (206) 753-2210. Reference: 1992-93 Tuition and Fee Rates, A National Comparison. Data contained in the report, as well as historical data since 1972-73, are available upon request on a computer diskette.

Let Them Eat Cake . . .

Purchasing Power of the Pell Grant Maximum Award 1973-74 to 1993-94

Since the early 1970s, the Pell Grant Program has been considered the cornerstone of federal, state, and institutional financial aid programs for students. Since its inception, the largest award in the Pell Grant Program has been reserved for those applicants unable to contribute anything from personal and family resources toward their own educations. These cases produced a zero Pell Grant Index that in turn usually made the applicant eligible for the largest Pell Grant at a public or private four-year college or university.

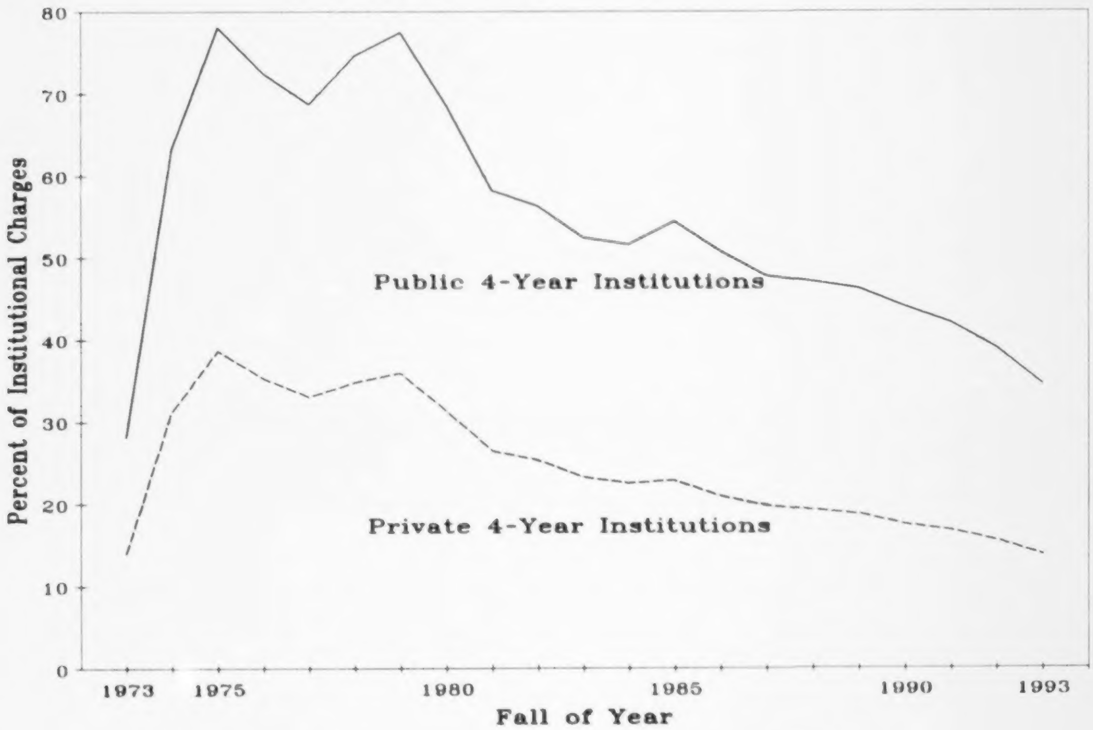
After the 1979-80 academic year, the Pell Grant maximum award was reduced for two years while institutional charges continued to rise. These institutional charges include tuition and fees, and room and board. The result was a sharp loss in the purchasing power of the maximum Pell Grant available to the poorest aid applicants.

Although the Pell Grant maximum award was increased in again in 1982-83, and has been increased occasionally since then, institutional charges have increased at a steady and much faster rate. Thus, the maximum Pell Grant available only to the poorest students continues to lose purchasing power.

- In public four-year institutions, the maximum Pell Grant covered 77 percent of institutional charges in 1979-80. This year it covers 39 percent, and will drop to about 35 percent for 1993-94.
- In private four-year institutions, the maximum Pell Grant covered 36 percent of institutional charges in 1979-80. This year it covers 16 percent, and next year it will cover about 14 percent.

For 1993-94, Congress has again *reduced* the Pell Grant maximum award available to the poorest students seeking postsecondary enrollment. This reduction will be from the current $2400 to $2300.

Proportion of Institutional Charges Covered by Pell Grant Maximum Award 1973-74 to 1993-94



Opportunity Knocks . . . . . . Who Answers?

The **Congressional Budget Office** has prepared and published its 14th annual hit list of over 200 ways to reduce federal expenditures or increase federal revenues. This publication, ***Reducing the Deficit: Spending and Revenue Options***, has become a standard reference for developing federal deficit reduction plans. Until this year, however, this CBO report was generally ignored, with widely known consequences for the federal budget deficit. Now, however, a new President and an emboldened Congress are taking budget reduction seriously. The list is worth revisiting just because something might actually happen based on CBO's report.

As usual, this list includes federal student aid programs to curb or eliminate as federal expenditure reduction options. The CBO list includes:

- **Eliminate State Student Incentive Grants**, at a FY95 savings of $75 million.
- **Eliminate federal funding for campus-based student aid**, at a FY95 savings of $680 million.
- **Reduce Pell Grant spending**, by including house and farm equity in need analysis and eliminating the $5 fee paid to postsecondary schools, saving $180 million in FY95.
- **Reduce interest subsidies for Stafford Loans**, by requiring students to pay in-school interest and reducing lenders' yields. The students' in-school interest subsidies will cost the federal government an estimated $1,950 million in FY95, and reducing the lender yields by one percentage point would save $330 million.
- **Reduce Stafford Loan Spending by Including Home Equity in the Determination of financial need**. Including house and farm equity in calculating need would reduce federal programs costs by $95 million in FY95.
- **Require postsecondary institutions to share the risk of defaults on Stafford Loans**. CBO has identified a number of options in addition to the limitation on borrowing at institutions with default rates greater than 25 percent for each of the previous three years. These CBO options include: defining the allowable default rate as a one-year rate (saving $45 million in FY95), lowering the allowable default rate to 20 percent over three years ($40 million), lowering the allowable default rate to a one-year rate of 20 percent ($50 million), and requiring postsecondary institutions to pay a loan default fee ($125 million).
- **Require postsecondary institutions to pay a co-origination fee on Stafford Loans**. A five percent co-origination fee paid by the institution would produce $980 million in FY95.
- **Replace guaranteed student loans with direct loans**. This option would phase out the Federal Family Education Loan program, and phase in the Federal Direct Loan program. FY95 savings would be $280 million, rising to $3,250 million by FY98.

Clearly, some options on this list are being not only considered by Congress, but planned for to produce savings to fund President Clinton's national service initiative.

The **National Conference of State Legislature's** annual issue survey--*Issues Outlook 1993*--suggests that student financial aid will receive better treatment than will higher education generally in the current round of budgeting for next year.

Higher education may not fare any better in FY94 than it did in FY93 when states reduced their overall funding. Consequences for higher education have been larger class sizes, increasing tuitions, enrollment limits, cutting programs and personnel, and deferring major purchases and maintenance.

Issues of concern to legislators include very large class sizes, student access to faculty, faculty teaching loads, and faculty tenure. Accountability measures are one likely result. Most of the NCSL survey respondents foresaw a moderate to high probability that higher education would be cut again for the next fiscal year.

More than 60 percent of the NCSL survey respondents expected tuition hikes, and a third expected enrollment limits to be considered this year.

Student financial aid was expected to be a high legislative priority in 1993 as legislators struggle with access and affordability questions. The NCSL survey cautions, however, that "Legislatures will be hard-pressed to ensure the availability of adequate financial aid."

One governor has stepped forward with a stunning financial aid proposal: Gov. Mike Lowry of **Washington** has proposed taking state student aid funding from $42 million in the current biennium to $114 million in the next biennium.

Governor Lowry's proposal is to raise the current family income limit for state grant eligibility from $12,500 to $27,100 for a family of four, which is 65 percent of state median family income for a family of four in Washington. The federal financial aid form would be used to collect income information, but Washington would ignore the Federal Methodology for state student aid programs. State grant eligibility would be based on the sum of taxable and non-taxable income.

Tenth Annual Financial Aid Research Conference

Sponsored by the National Association of State Scholarship and Grant Programs and the National Council of Higher Education Loan Programs

May 19-21, 1993, Annapolis, Maryland

The seminal event for financial aid researchers and policy analysts is planned for Maryland, to be held at Loews Annapolis Hotel May 19 through 21. This will be the tenth conference in this series. Speakers are those doing the research at the federal, state, and institutional levels on the programs designed to foster postsecondary opportunity for students. Topics selected for presentation include:

- Status Report on Postsecondary Opportunity
- College Education and the Bottom-Line: Poverty-Level Income by Race, Sex, and Education Attainment
- Early Awareness Programs in Indiana
- **Making College Affordable Again**
- Reauthorization Changes: Need Analysis and Pell Grants
- Direct Lending: Costs and Consequences
- Reauthorization: Impact on State Grant Programs
- The Effects of New Englands' Changing Demographic Conditions on Educational Access and Attainment
- Employment and Earnings of Student Loan Borrowers from Alaska
- Ways and Means, How Minnesota Families Pay for College
- Evaluating the Effects of Recent Tuition Increases
- The Vermont Survey of Student Plans for Education and Careers
- The California Undergraduate: A Financial Aid Demographic Profile
- Debt Burden: The Next Generation
- Debt Burden in Iowa
- New Estimates of Durations Between Key Events in Stafford Loan Lifetimes, Using Discrete Time Survival Analysis
- A Comparison of Projected and Actual Performance of Student Aid Application Verification Criteria
- Student Financing of Graduate and First-Professional Education
- College Access Measures and Financial Aid
- Use of Regional Subsamples of NPSAS 1990 Data to Establish a Benchmark for the Minnesota State Grant Program
- The Experience of 20 Schools With Loan Default Management
- Default Rate Deficiencies
- Recession Related Defaults in California

For a Conference registration packet, call Jerry Davis at the Pennsylvania Higher Education Assistance Agency at (717)257-2794.

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Postsecondary Education OPPORTUNITY

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 13 **Iowa City, Iowa** **May 1993**

The outreach market . . .

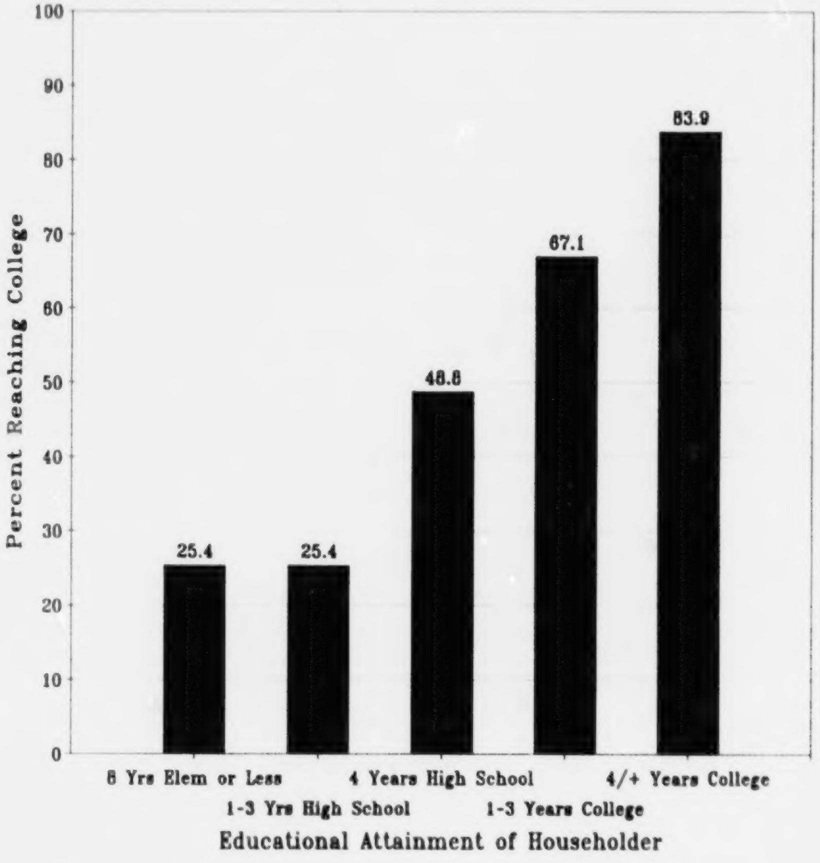
Parental Educational Attainment Drives Educational Attainment of Their Children

A student's chances of both graduating from high school and continuing on to college are highly correlated with the educational attainment of the student's parents, according to data collected by the **Census Bureau**, *and recently reported in* ***School Enrollment-Social and Economic Characteristics of Students****.*

In fact, the student whose parents have four years or more of college is more than three times as likely to enroll in college shortly after high school as is the student whose parents did not graduate from high school. These differences have persisted over the last five years, between 1987 and 1991, during which the Census Bureau has collected and reported this information.

In this issue of ***OPPORTUNITY*** *we examine time-series data from the Census Bureau's* ***Current Population Survey****, and UCLA's* ***National College Freshman Norms*** *to explore the relationships--and changing relationships--between parental education and chance for higher educational opportunity for American students.*

Chance for College
for Dependent Family Members 18 to 24 Years Old
by Educational Attainment of Householder, 1991



Chance for College

To become enrolled in college, a student must *both* graduate from high school *and* then enroll in college. The product of the high school graduation rate and college participation rate for high school graduates of a given population group is the proportion of that population that makes it to college.

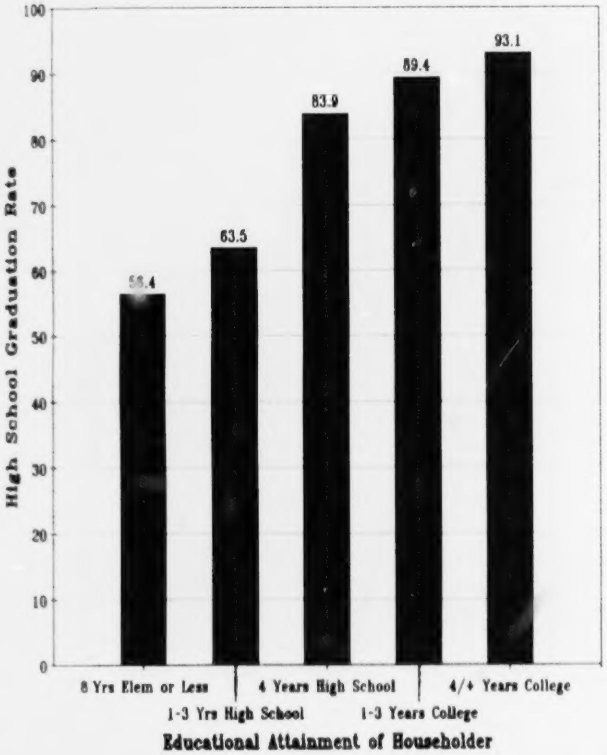
In October of 1991, when the Census Bureau asked these questions in the **Current Population Survey**, dependent family members 18 to 24 years old had chances for college enrollment ranging from about 25 percent among those whose parent had not graduated from high school to about 84 percent among those whose family head had completed four years or more of college.

In the five years that these data have been reported, chances for college have improved slightly for some groups and deteriorated slightly for others. Groups showing gains have been among families where the parent had 4 years of high school, and 1 to 3 years of college. The group showing a small loss was that where the parent had completed 1 to 3 years of high school.

High School Graduation

The first hurdle on the path to college is graduation from college. Among dependent 18 to 24 year olds, high school graduation rates in 1991 ranged from a low of about 56 percent among those whose parent had eight years or less of schooling, to a high of about 93 percent among those whose parents had completed four years or more of college.

High School Graduation Rates
for Dependent Family Members 18 to 24 Years Old
by Educational Attainment of Householder, 1991



Over the last five years, these rates have been generally stable from families where the head was at least a high school graduate. However, where the head was not a high school graduate, high school graduation rates have been declining at the rate of about one percent per year between 1987 and 1991.

College Enrollment

For those who graduate from high school, college enrollment becomes an option. Some groups exercise this option more often than do others. In 1991 college enrollment rates for 18 to 24 year old dependent family members who were high school graduates ranged from a low of 40 percent of those whose head had completed 1 to 3 years of high school, to a high of 90 percent among those from families where the head had four or more years of college.

Between 1987 and 1991 college enrollment rates tended to increase among those from families where the head was at least a high school graduate, or who had 8 years or less of elementary education. College enrollment rates tended to decrease among those from families where the head had 1 to

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Editor and Publisher
Thomas G. Mortenson
TIN: 470520190

Mission Statement

This newsletter is founded on two fundamental beliefs. First, sound public policy requires accurate, current, independent, and focused information on the human condition. Second, education is essential to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for all Americans.

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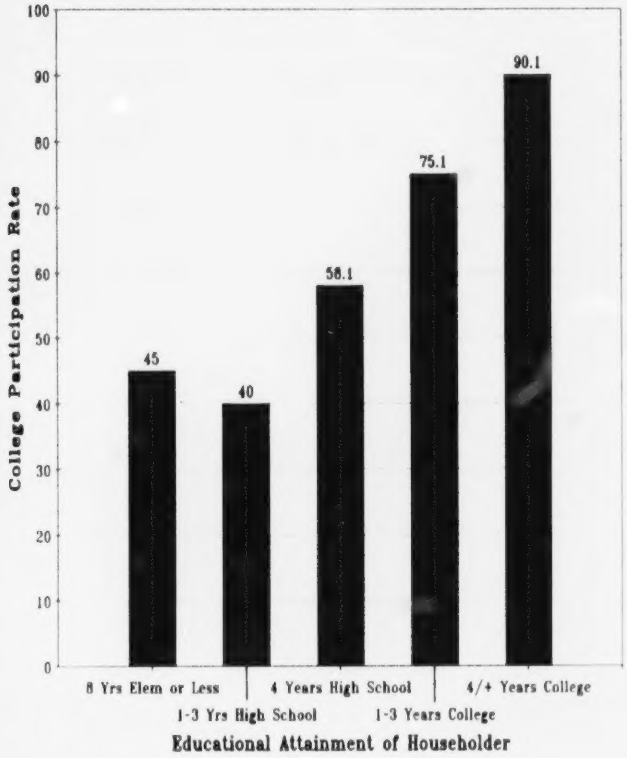
3 years of high school.

College Participation Rates
for Dependent Family Members 18 to 24 Years Old
by Educational Attainment of Householder, 1991

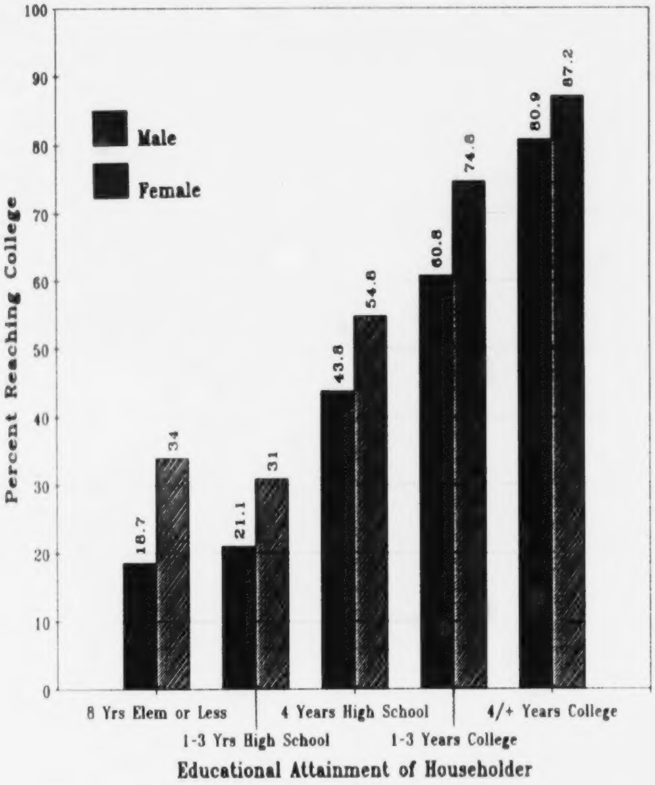


Chance for College by Gender

Across sexes, the previous patterns of educational attainment by levels of parental educational attainment still hold. At every level of parental educational attainment, dependent 18 to 24 year old women were more likely than men to reach college in 1991. By level of parental education, these differences ranged from 6 percent among students from families with the greatest levels of parental educational attainment to 15 percent among students from the lowest levels of parental education.

These differences were the result of both higher high school graduation rates for women than men, and higher college participation rates for those who graduate from high school for women compared to men. At every level of parental educational attainment, female high school graduation rates exceeded those of males. Similarly, at every level of parental educational attainment, female college participation rates for those that graduated from high school exceeded those of males.

Chance for College by Gender
for Dependent Family Members 18 to 24 Years Old
by Educational Attainment of Householder, 1991



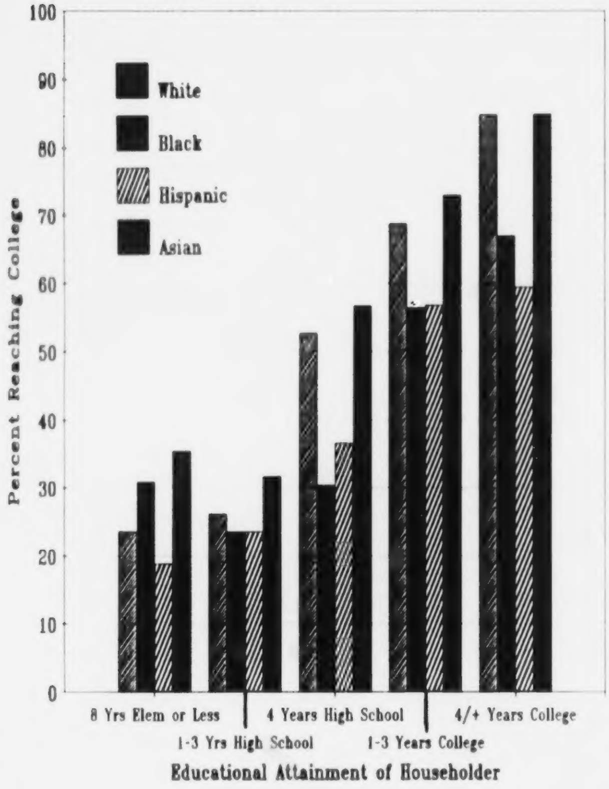
Chance for College by Race/Ethnicity

The Census Bureau's data also permits the calculation of chances for college for whites, blacks, Hispanics, and (by deduction) for those of other races, mainly Asians. These data reflect both high school graduation and college participation rates for each group. These data are consistent with both the patterns reported here and data previously reported in **OPPORTUNITY** regarding differences between racial/ethnic groups.

As shown in the following chart, chances for college are highest at every level of parental educational attainment for those of other races, primarily Asians. This group had the highest high school graduation rates from families where the head was not a high school graduate, and the highest college participation rates across all levels of parental educational attainment.

Generally, whites have the second highest chances for reaching college, followed by blacks and Hispanics.

Chance for College by Race/Ethnicity
for Dependent Family Members 18 to 24 Years Old
by Educational Attainment of Householder, 1991



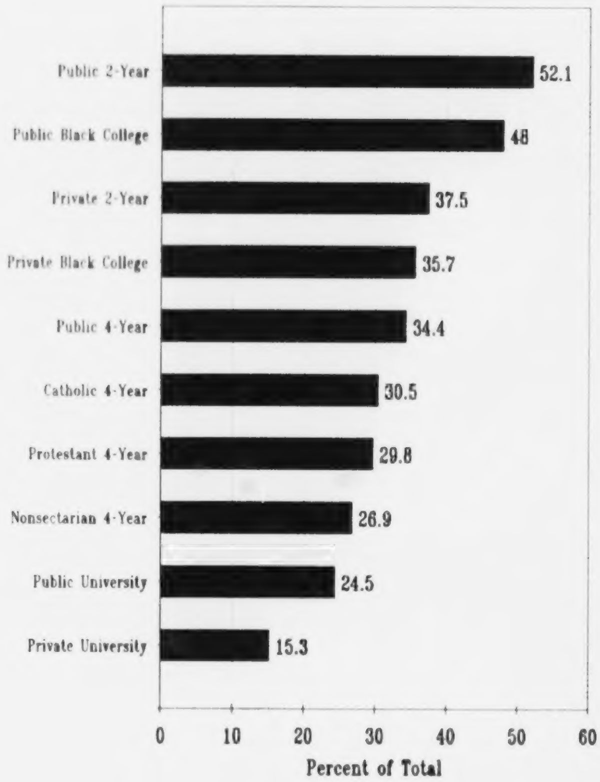
Parental Education of College Freshmen

The **National College Freshman Norms** provide additional insight into the patterns and changing family educational background for first-time, full-time college freshmen since 1966. Partly these changes are the result of increasing levels of adult educational attainment in the population. But also these changes are the result of a broadening of higher educational opportunity--extending opportunity to students from families without previous higher educational exposure.

The following chart shows the proportion of first-time, full-time 1992 college freshmen whose father had no postsecondary education. These are typically first-generation college students from their families (although mothers in these families may have had postsecondary experience). The proportions range from just over half of those freshmen entering public community colleges to about 15 percent of those freshmen entering private universities.

Generally university freshmen were most likely to come from families with parental postsecondary experience. Community college and black college freshmen were least likely to come from families with parental postsecondary experience.

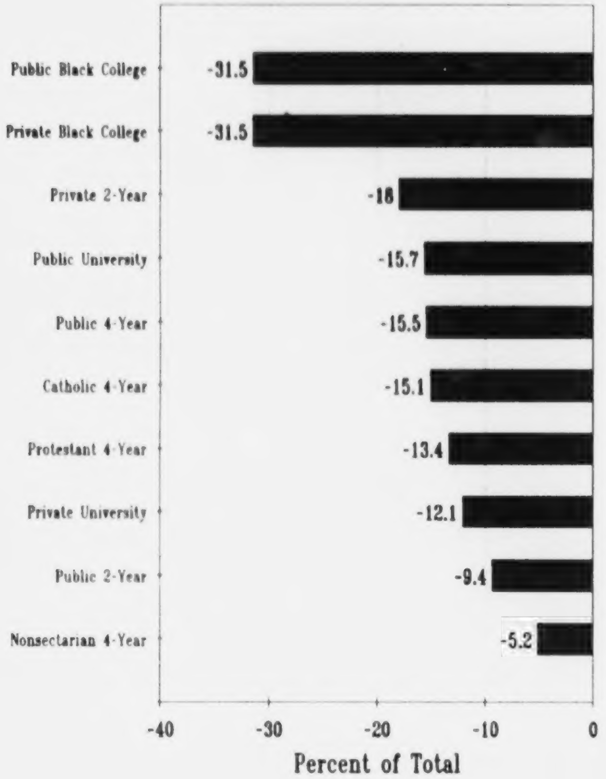
Proportion of Enrolled Freshmen
Whose Fathers Have No Postsecondary Education
1992



Between 1974 and 1992, the proportion of freshmen whose fathers lacked any postsecondary education or training dropped substantially for all types of higher education institutions. Overall, the decline was from 50 percent in 1974 to 37 percent in 1992.

However, decline varied substantially across institutional type and control. The drop was greatest among private and public black colleges. The decline was least in private non-sectarian four-year colleges and public two-year colleges. Public community colleges clearly remain the main entry point into American higher education for first generation college students.

Change in Proportion of Enrolled Freshmen Whose Fathers Have No Postsecondary Education Between 1974 and 1992



The following figure presents another measure of the changing profile of the educational attainment of fathers of first-time, full-time college freshmen since 1966. During the last 27 years, the proportion of fathers of college freshmen that have not completed high school has dropped from about 27 percent of all freshmen to close to 10 percent. Similarly, the proportion of fathers with post-baccalaureate graduate or professional education has increased from about 8 percent to about 18 percent.

Summary of Findings and Conclusions

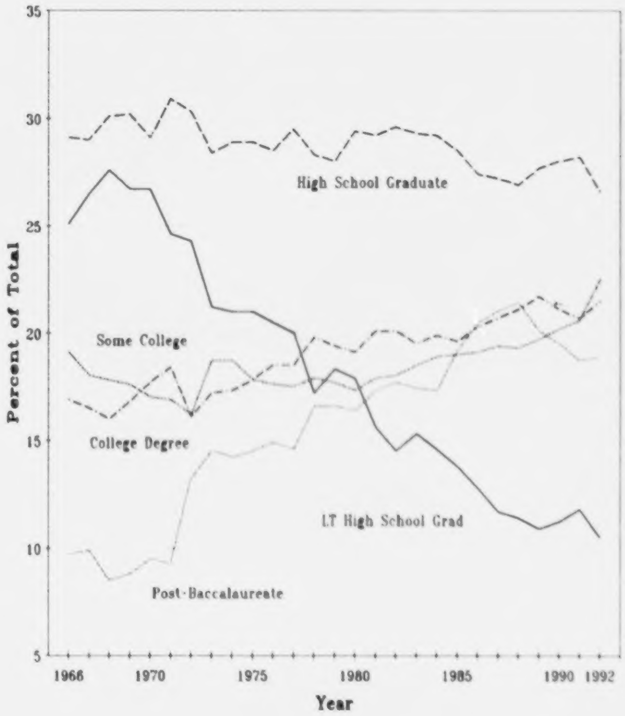
Parental education--measured here as householder or fathers' educational attainment--has a very strong relationship to educational opportunity for American youth. A young person's chances of both graduating from high school, and of going on to college if graduated from high school, are significantly related to parental educational attainment.

A dependent 18 to 24 year old whose father has four years or more of college is 3.3 times as likely to make it to college as is another whose father has not graduated from high school. These relationships hold for males, females, whites, blacks, Hispanics, and Asians--no exceptions.

At every level of parental educational attainment, Asians are most likely to reach college. Generally, whites are not far behind Asians. But blacks and Hispanics lag both Asians and whites by substantial margins at each level of parents' education.

Across institutional types, public community colleges are--and have long been--the primary gateway to higher education for first generation college students. Black colleges also provide an important gateway function. Universities--both public and private--enroll the smallest proportions of freshmen whose fathers have had no postsecondary education.

Distribution of First-Time, Full-Time College Freshmen by Fathers' Educational Attainment 1966 to 1992



Clearly public policy that seeks to broaden higher education opportunity must address families where parents lack personal postsecondary experience. Currently students from families where parents have four years or more of college are reaching college at near saturation rates. That drops off to about one student in four from families where the parents have not graduated from high school.

Hispanic Attainment of Baccalaureate Degrees by National Origin, 1991

The Hispanic population in the United States comes from notably diverse geographic backgrounds. The diversity in geographic origins has significant reflections in the proportion of the adult population having completed four years or more of higher education. Not all groups are alike.

Here we summarize a key finding from a Census Bureau study of Hispanics in the United states: 4-years of college attainment by adults ages 25 to 34 years by geographic origin. The data charted here are from:

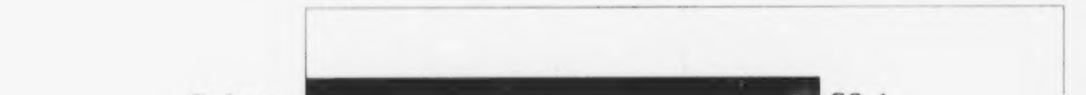
> Garcia, J. M., and Montgomery, P. A. *The Hispanic Population in the United States: March 1991.* Current Population Reports, Series P-20, No. 455. U.S. Bureau of the Census, Washington, D.C., 1991.

In March of 1991, there were an estimated 21,437,000 Hispanics in the United States. This was 8.6 percent of the total population. About 63 percent the Hispanic population identified itself as of Mexican origin. The remainder were of Puerto Rican origin (11 percent), Cuban origin (5 percent), Central and South American origin (14 percent), and other Hispanic origin (8 percent).

Among those 25 to 34 years of age, 80 percent of those who identify themselves as Other Hispanic origin were high school graduates. This compares to 78 percent of the Cubans, 72 percent of the Puerto Ricans, 62 percent of the Central and South Americans, and 51 percent of the Mexicans. For the non-Hispanic population, 89 percent were high school graduates.

Among those who 25 to 34 year olds who were high school graduates, the 4-year college completion rate was 26 percent for Cubans, 22 percent for Central and South Americans, 21 percent for other Hispanics, 16 percent for Puerto Ricans, and 15 percent for Mexicans. For non-Hispanics the 4-year college completion rate was 28 percent.

Hispanic Educational Attainment
for Population Ages 25 to 34 Years
March 1991



Foundations . . . *. . . Under Strain*

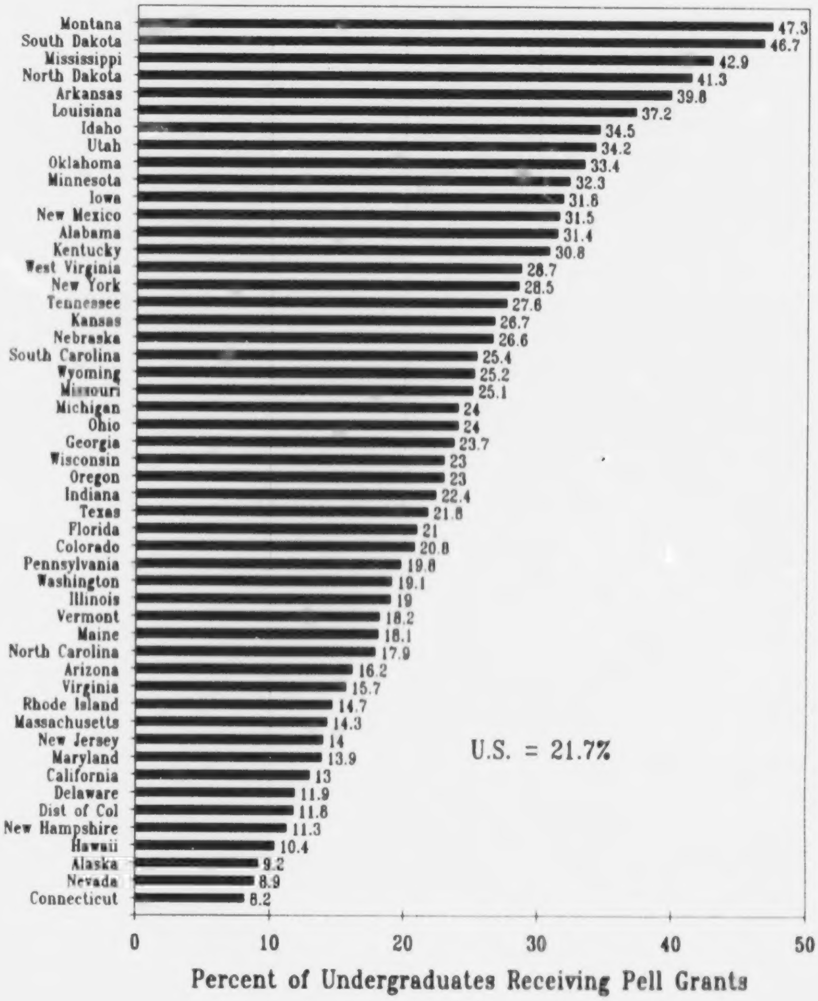
Pell Grant Program Participation by Undergraduates in States and Institutions

*The federal **Pell Grant Program** has served as the foundation for federal, state, and institutional financial aid packaging almost from its inception in the 1973-74 academic year. Despite its diminished role in the grand scheme of student aid packaging, it remains so today for those who qualify.*

The Pell Grant Program was an outgrowth of the War on Poverty legislation in 1964 and 1965 that created, among other things, the Educational Opportunity Grant Program (EOG) in the Higher Education Act of 1965. In 1972 Congress revised the original program, converting the EOG into SEOG, and creating a new Basic Educational Opportunity Grant Program (BEOG) targeted on students from poverty backgrounds.

The Pell Grant Program has been re-examined and re-defined by Congress at regular intervals in its self-prescribed reauthorization cycle. The two major forces that have altered the program since its creation have been Congressional efforts to extend Pell Grant eligibility to ever higher levels of family income through formula manipulations in 1978, 1986, and 1992, and inadequate funding to accomplish this goal beginning about 1980. In the appropriations process, the formula manipulations have been largely preserved, with the sacrifice in funding taken from the maximum award provided to the poorest students.

Pell Grant Program Participation by State, 1990-91



In this analysis we examine Pell Grant Program participation by undergraduates from several perspectives--mainly states and higher education institutions. We use published and unpublished Pell Grant recipient data and undergraduate enrollment data for public and private, non-profit colleges and universities supplied by different branches of the U. S. Department of Education.

Participation by State

The above chart has been compiled from the most recently published Pell Grant Program data. In 1990-91, there was an extraordinary range in

Pell participation by state. Across states an undergraduate's chances of receiving a Pell Grant varied by a 6:1 ratio--from 8 percent of all undergraduates in **Connecticut**, to 47 percent of the undergraduates enrolled in **Montana** colleges and universities.

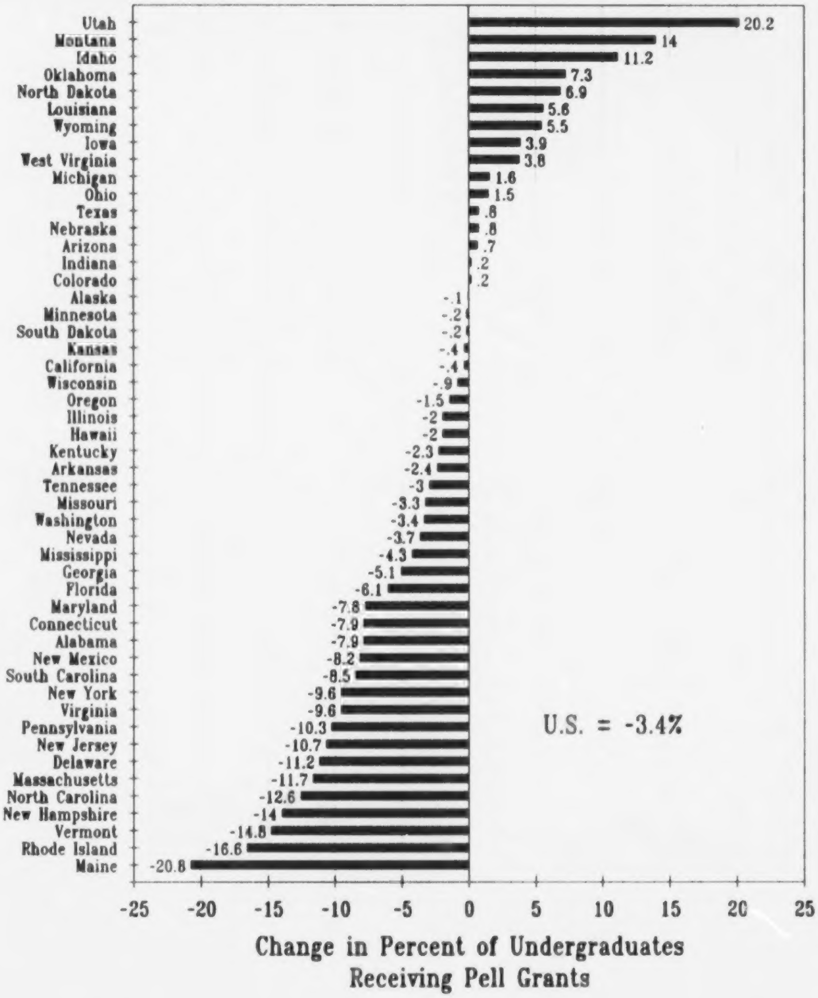
The pattern suggested by this ranking is related--inversely--to Pell Grant eligibility: family income. For example, in 1990 median household income in Connecticut was $38,870, second highest among the states. (New Hampshire was the highest at $40,805.) In contrast median household income in Montana was $23,375 in 1990. Montana ranked 44th among the states in median household income that year. Measured in this way, the Pell Grant serves to equalize opportunity by assisting low income families whose children seek higher education opportunity.

Change in Participation by State

Between 1980 and 1990, the proportion of undergraduates in public and private higher education that received Pell Grants declined by 3.4 percent, according to data published in annual reports for the Pell Grant Program. Data previously reported in **OPPORTUNITY** (March 1993) would lead one to believe that this was an inevitable consequence of the growth of student enrollments from high income families and the decline in the number of low family income students in higher education during the 1980s.

However, the picture was mixed across the 50 states. Sixteen states saw an increase the proportion of their undergraduates receiving Pell Grants between 1980 and 1990. The three states with the largest increases in Pell Grant Program participation rates were all Rocky Mountain states -- **Utah, Montana,** and **Idaho**.

Change in Pell Grant Program Participation by State Between 1980-81 and 1990-91



These states appear to have had not only unusually low household income growth rates during the 1980s, but between 1984 and 1990 median household income actually declined in **Montana, Idaho, Oklahoma, North Dakota, Louisiana,** and **Wyoming** in *current* dollars. Not only does the Pell Grant program help students from low family income backgrounds, and help states with low median household incomes, but as household incomes move downward Pell Grants dollars follow these shifts in the continuous redistribution of income in the American economy.

At the other end of the scale, the other 34 states saw declines in the proportion of their undergraduates receiving Pell Grants between 1980 and 1990. The largest decline was nearly 20 percent in **Maine**. The other large losses all occurred in either New England states--**Rhode Island, Vermont, New Hampshire,** or

Massachusetts--or mid-Atlantic States--**North Carolina, Delaware, New Jersey, Pennsylvania, Virginia** and **New York**.

During the 1980s these states all saw growth in median household incomes well above the national average. During the 1990s this situation has reversed and quite likely Pell Grant Program participation rates have increased since 1990 in the New England states still in economic recession.

Participation by Control of Institution

Pell Grant Program participation rates may also be calculated by institutional type and control. We do so here for public institutions and private, non-profit institutions.

For this analysis we would have liked to calculate Pell Grant Program participation rates for students enrolled in proprietary institutions because many institutions were created during the 1980s. The number of Pell Grants awarded to students enrolled in proprietary institutions increased from 10.5 percent of all Pell awards in 1980, to a peak of 26.4 percent in 1987, and back to 22 percent by 1990. However, the enrollment data were not collected from these institutions until the latter part of the 1980s and the IPEDS enrollment data even now is somewhat suspect.

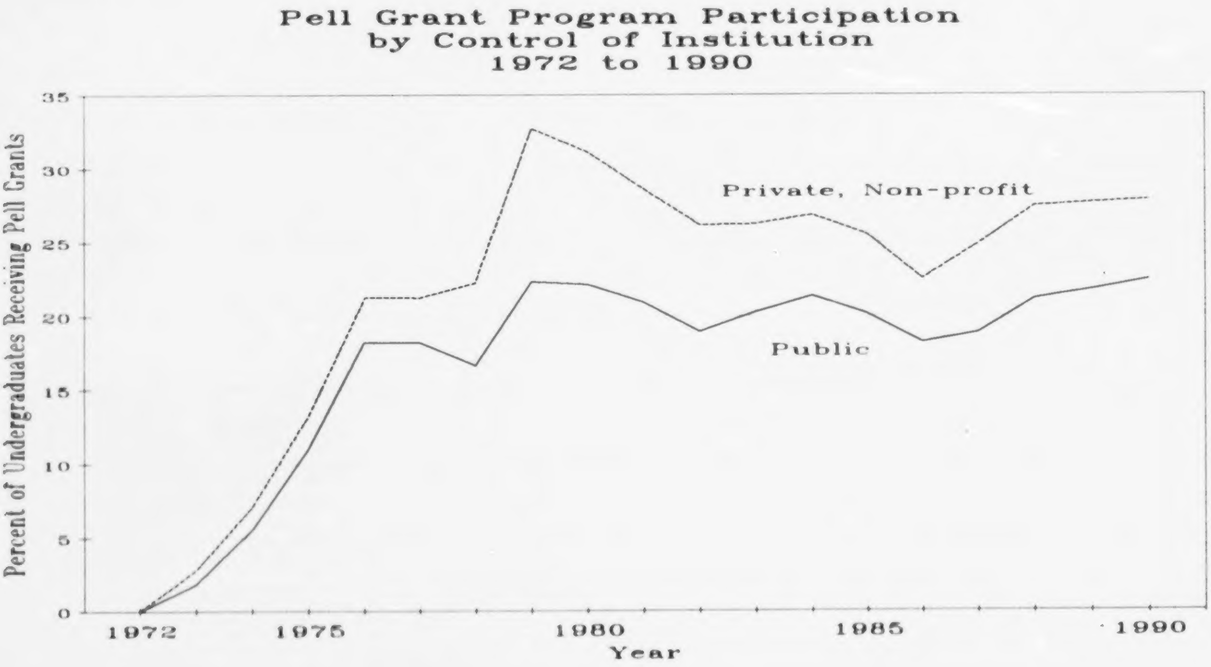
The numbers of Pell Grant recipients used here differ slightly from those used for the two previous state analyses in that these were prepared by Steve Carter of the Department of Education from unpublished tabulations of Institutional Agreement and Authorization Reports. These institutional reports appear to double-count Pell Grant recipients that transfer between institutions during the award year.

The start-up years for the Pell Grant Program were 1973-74 (when only freshmen were eligible), 1974-75 (when freshmen and sophomores were eligible), and 1975-76 (when freshmen, sophomores, and juniors were eligible. Immediately after this start-up phase, about 18 percent of all undergraduates in public institutions received Pell Grants. That has since increased to about 28 percent by 1990.

In private institutions, immediately after the Pell start-up years, about 21 percent of all undergraduates received Pell Grants. This has increased to about 28 percent by 1990.

Both public and private institutions saw sudden upward bumps in Pell Grant Program participation in the MISAA years--1979-1981--when the Pell formula relaxed assessment rates on discretionary incomes (which only benefitted those who had discretionary incomes to assess, and the more the better). But the economic recessions of the early 1980s mostly stopped this. Moreover, Congress had its hands full in 1981 defending the very survival of federal student aid when faced with Reagan/Stockman efforts to eliminate federal student aid programs.

The table on the following page presents data on the Pell Grant Program since its inception.



Pell Grant Program Summary Statistics

FFY1974 to FFY1993

Award Year	Applications			Classes of Eligible Applicants	Recipients				Maximum Grant		Minimum	Percent Cost Cap	Funding Level
	Official(K)	Valid(K)	Eligible(K)		Numbr(K)	Expnd(M)	Mean	% Indep	Authrizd	Funded			
1973-74	512.9	482.3	268.4	F	176.0	$47.6	$270	13.3	$1,400	$452	$50	50	StepRed
1974-75	1,304.9	1,114.1	681.6	F+S	567.0	358.4	628	21.9	1,400	1,050	50	50	StepRed
1975-76	2,339.3	2,178.7	1,455.2	F+S+J	1,217.0	926.0	761	29.8	1,400	1,400	200	50	Full
1976-77	3,590.4	3,408.7	2,258.0	Ug	1,944.0	1,475.4	759	38.3	1,400	1,400	200	50	Full
1977-78	3,844.0	3,621.6	2,390.3	Ug	2,011.0	1,524.3	758	38.5	1,800	1,400	200	50	Full
1978-79	3,885.4	3,401.4	2,228.6	Ug	1,893.0	1,540.9	814	36.7	1,800	1,600	50	50	StepRed
1979-80	4,186.7	3,868.4	3,029.7	Ug	2,537.9	2,357.2	929	33.8	1,800	1,800	200	50	Full
1980-81	4,825.4	4,475.8	3,330.5	Ug	2,707.9	2,387.1	882	40.6	1,800	1,750	150	50	$50Flat
1981-82	4,945.8	4,614.6	3,398.2	Ug	2,709.1	2,300.0	849	41.9	1,900	1,670	120	50	$80Flat
1982-83	5,118.6	4,709.2	3,341.4	Ug	2,522.7	2,420.5	959	45.9	2,100	1,800	50	50	StepRed
1983-84	5,453.5	4,955.8	3,541.2	Ug	2,758.9	2,797.1	1,014	47.5	2,300	1,800	200	50	Full
1984-85	5,514.0	4,981.4	3,558.4	Ug	2,747.1	3,053.0	1,111	48.6	2,500	1,900	200	50	Full
1985-86	5,627.1	5,205.5	3,710.9	Ug	2,813.5	3,597.4	1,279	50.4	2,600	2,100	200	60	Full
1986-87	6,028.3	5,535.7	3,769.6	Ug	2,659.5	3,460.0	1,301	53.9	2,600	2,100	100	60	LnrRed
1987-88	6,297.6	5,714.2	3,812.8	Ug	2,881.5	3,754.3	1,303	57.5	2,300	2,100	200	60	Full
1988-89	6,519.3	5,913.2	4,199.3	Ug	3,198.3	4,475.7	1,399	57.9	2,500	2,200	200	60	Full
1989-90	6,778.0	6,165.3	4,347.7	Ug	3,322.2	4,777.8	1,438	59.0	2,700	2,300	200	60	Full
1990-91	7,138.9	6,455.1	4,508.0	Ug	3,404.8	4,935.2	1,449	61.1	2,900	2,300	100	60	LnrRed
1991-92	7,775.2	6,983.6	4,941.0	Ug	3,786.2	5,792.7	1,530	61.5	3,100	2,400	200	60	Full
1992-93		e7,500.0	e5,300.0		e4,260.0	e6,450.0	e1,514			2,400	200	60	Full
1993-94		e8,000.0	e5,200.0		e4,300.0	e6,300.0	e1,465		3,700	?2,300	400	100	Full
1994-95									3,900				
1995-96									4,100				
1996-97									4,300				
1997-98									4,500				

Notes and sources:

Most of these data are updated and published annually in the Department of Education's *Pell Grant End of Year Report*. In addition, data on percent of Pell recipients who are independent and the Percent of Cost of Attendance Cap were published by The College Board in *Trends in Student Aid: 1982 to 1992*. Finally, future Pell Grant authorized maximum awards are taken from the *Conference Report to Accompany S. 1150, Higher Education Amendments of 1992*. **e data are estimates provided** by Steve Carter, U. S. Department of Education.

Opportunity knocks . . . . . . Is Anybody Listening ?

Before we get to the possibility of an $1800 maximum Pell Grant . . .

One thing about publishing a newsletter like this: the political processes of American democracy will always produce plenty of simply awful news. And for some perverse reason, people feel a need to read this stuff.

I suspect that those who read this newsletter share a commitment to broadening postsecondary opportunity for young people. And thus--purely for self-defense--feel they must keep abreast of the adverse decisions that inhibit or prevent them from carrying out their chosen roles. So here goes.

For several years now I have imagined an annual **Myopic Tunnel Vision Award** for the public policy decision that maximizes damage to the postsecondary opportunities of young Americans. These decisions are distinguished by their short-sightedness and by their preoccupation with purely budgetary matters and ignorance of obvious human consequences, now and forever. Almost invariably, they were also unnecessary, or at least better alternative decisions were imaginable.

The first three **Myopic Tunnel Vision Awards** are the following:

1990-91

In 1990 the **State of Washington** "celebrated" the tenth anniversary of the imposition of statewide enrollment limits in all of its public higher education institutions. These limits were imposed in a budget crisis in the early 1980s and never removed after the state's economy and revenues recovered a few years later. As a result, Washington ranks 50th among the states in enrollment growth in public colleges and universities since 1980. While nationally enrollments in public higher education *increased* by 13.7 percent between 1980 and 1990, in Washington they *decreased* by 17.5 percent. During this period Washington was a net population importer.

If Washington public higher education enrollments had grown at just the national average between 1980 and 1990, there would have been about 86,100 more students enrolled in 1990 than there were. Washington has accumulated a staggering human capital deficit since 1980 that has and will continue to drag down state incomes and tax revenues, and incur increased social program costs.

1991-92

The **State of Massachusetts** won the second **Myopic Tunnel Vision Award** for gutting its state student aid programs when faced with a huge budget deficit during severe economic recession. The number of General Scholarship recipients was reduced from 34,000 to 27,000, and funding was nearly halved from $46 million to $24 million. An additional $2 million was "saved" by eliminating 3900 Part-Time Grants. In the spirit of reducing financial aid for Massachusetts students, the federal government withdrew $2 million in State Student Incentive Grant funds because Massachusetts failed to meet its maintenance-of-effort requirement. Massachusetts claims the distinction of being the only state to lose its SSIG funding because of failure to meet the federal maintenance-of-effort requirement.

But the cruelest decision came when Massachusetts decided to ask the poorest students receiving the largest grants to take the largest dollar reductions in their grants. The neediest student, who would have qualified for a $3800 General Scholarship in 1990-91, only qualified for a $1900 award in 1991-92. At the same time Massachusetts imposed these reductions in financial aid to needy students, tuitions were increased by 26 percent in the state university, 23 percent in other public four-year institutions, and 25 percent in community colleges.

1992-93

The **State of California** won this year's **Myopic Tunnel Vision Award** hands down. In a replication of Massachusett's experience the year before, a state budget deficit exceeding $10 billion led to huge tuition increases (by California standards, anyway). In the universities tuition/fees were increased by 21 percent, 35 percent in the state universities, and 150 percent in the community colleges.

These tuition increases were accompanied by reductions in state funding of the Cal Grant programs by 15 percent, or about $25 million. The California Student Aid Commission compounded this public policy problem by reducing all Cal Grants by the same percentage amount. Once again the neediest students receiving the largest grants were asked to take the largest dollar reductions in their awards.

1993-94

Which brings us to candidates for next year's **Myopic Tunnel Vision Award**. The candidates are mostly federal, although several states are being watched carefully.

The first candidate is **President Clinton**, whose student financial aid initiatives--direct lending and national service--will not make higher education one penny more affordable next year for the millions of students who need hundreds of additional dollars each to finance inevitable college cost increases. Although direct lending and national service have strong arguments to support them, they provide no financial aid for students trying to finance their postsecondary educations. In fact, political capital spent on these programs in the name of financial aid for students simply diverts attention from the fundamental need to restore the effectiveness of the Pell Grant Program. If the President calls direct lending and national service his student financial aid proposals then he simply does not understand the affordability issue for students and their families at all.

The second federal candidate is the **Republican minority in the U. S. Senate** that blocked, among other things, $2 billion to cover the accumulated shortfall in Pell Grant Program. Failure to address this shortfall has ramifications for many Clinton education initiatives that are near and dear to President Clinton's campaign promises.

Under the budget resolution that was adopted by Congress in March, $4.5 billion in savings over the next five years are obligated from the Federal Family Education Loan Program. In addition, the budget resolution freezes domestic discretionary spending at the 1993 level for the next five years. Unless the Pell shortfall could have been addressed outside of this budget plan, the remaining choices are either to forego the education initiatives promised in the campaign or to reduce the Pell Grant maximum award to $1800 to make resources available for these initiatives.

At this writing, the outlook is uncertain, but certainly not positive. (What progress is there in restoring the Pell Grant Program when the maximum grant for the poorest students is reduced first from $2400 to $2300 and maybe to $1800?)

A third candidate is the **State of California**, again, whose budget problems appear considerably worse for 1993-94 than they were for 1992-93. Undoubtedly large tuition/fee increases will result for students seeking to enroll in public institutions that are themselves starved for revenues to offset losses in state appropriations. Those tuition increases are necessary and even desirable if they protect both capacity and quality in California institutions, and alternative ways to avoid them within institutions cannot be found. The question will be how the Governor and legislature address the financial needs of those who cannot afford the tuition increases without help.

We remain dumbfounded that public policy appears so inadequate to address the twin challenges of a) the imperative of broadening postsecondary education and training opportunities for young Americans, and b) accomplishing this on a declining resource base.

We intend to continue to report on these developments in as many states as possible, highlighting success where it occurs and pointing fingers where the process fails. We are impressed with efforts made by **The California Higher Education Policy Center**, and we will report on their work on the issues facing California in future issues of **OPPORTUNITY**. Readers are invited to send along reports and newspaper accounts of developments in their states.

Next month this newsletter will examine a wide variety of data on *affordability* problems reported by students in higher education.

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Postsecondary Education OPPORTUNITY

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 14 **Iowa City, Iowa** **June 1993**

What else was there to do?

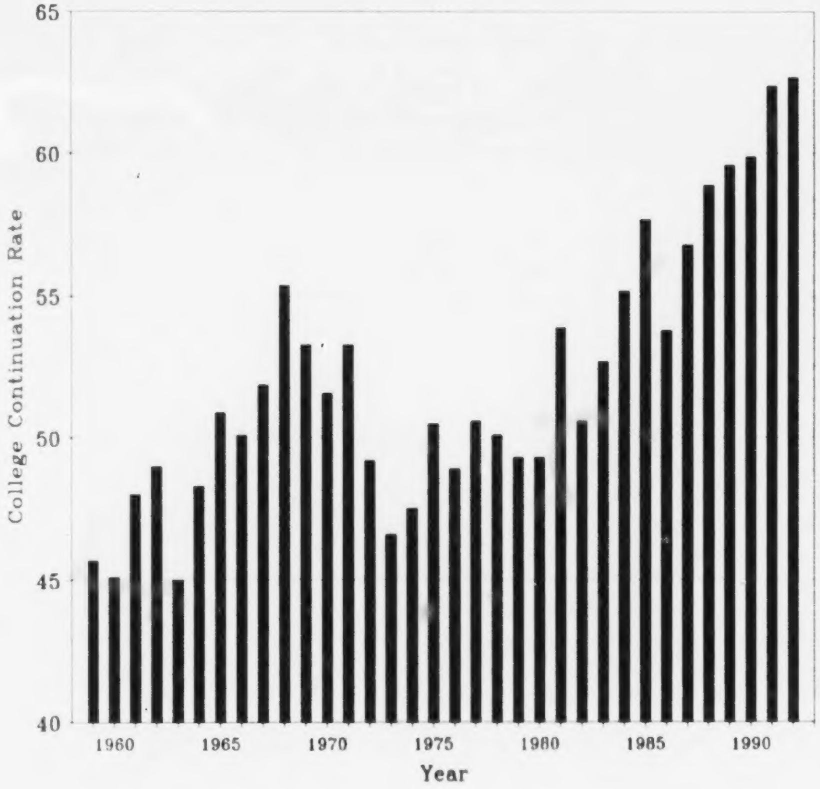
High School Graduates of 1992 Entered College by October at Record Rates, Again

In 1992 2.87 million 16 to 24 year olds left high school. Of this total 2.46 million were high school graduates, and 1.54 million of these were enrolled in college by October of 1992. More than nine out of ten college freshmen were enrolled full-time. Nearly two out of three freshmen were enrolled in four-year colleges and universities, and the rest were enrolled in two-year colleges.

Many educational attainment and enrollment records were set in 1992, including high school graduation rates, college continuation rates, and chance for college for those leaving high school. However, trends and patterns for different population groups differed sharply. A person's chances for enrolling in college after leaving high school varied especially across racial/ethnic groups.

These and many other important findings have been reported by the ***Bureau of Labor Statistics*** *in its annual release of data collected in the October* ***Current Population Survey****. Here we summarize an extensive analysis of the BLS data collected and reported between 1959 and 1992 for males, females, whites, blacks, Hispanics, and Asians to identify significant findings concerning this most crucial of life's great transitions.*

College Continuation Rates
for Recent High School Graduates
1959 to 1992



College Continuation

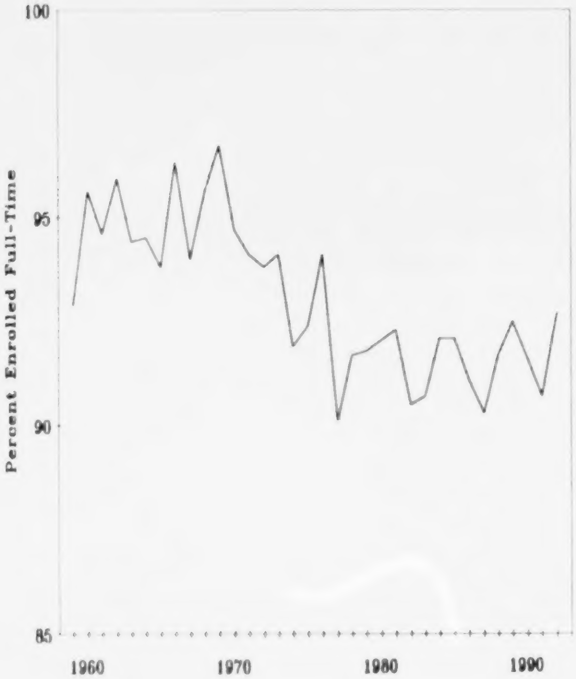
1992 high school graduates were enrolled in college by October at the record rate of 62.7 percent, up slightly from the previous record of 62.4 percent in 1991.

This record-breaking level reflects a pattern of almost continuous growth in college continuation rates over the last twenty years. It also clearly reflects labor market conditions that offer poor job alternatives to those who do not prepare themselves with postsecondary education or training.

In 1992, 63 percent of the college matriculants were enrolled in four-year colleges and universities, up from 60 percent in 1991.

In 1992 92.7 percent of the entering college freshmen were enrolled on a full-time basis. This was the highest full-time enrollment rate since 1976. But it was also somewhat below rates reached in the 1960s and early 1970s when the Vietnam-era military draft required males to be enrolled in college full-time to be exempted from military service.

Full-Time College Enrollment Rate
for Recent High School Graduates Entering College
1959 to 1992



Chance for College

To reach college an individual must first graduate from high school and then enroll in college. We use this simple analytical model in all **OPPORTUNITY** enrollment analyses to identify and focus on obstacles/opportunities for improving the educational enrollment flow of student populations classified in traditional demographic groups.

Here we use this model to examine high school graduation rates, college continuation rates, and finally chance for college following high school (which is the mathematical product of the high school graduate rate and the college continuation rate). We apply this model first to the population of 2,867,000 16-to-24 year olds that left high school either through graduation or through attrition between October of 1991 and October of 1992. For those 16 to 24 years old who left high school, the **Bureau of Labor Statistics** reported the following:

Left high school	2,867,000
Drop-outs	Less 406,000
High school graduates	Equals 2,461,000
Did not continue	Less 919,000
College freshmen	Equals 1,542,000

High school graduates divided by those who left high school is the high school graduation rate. College freshmen divided by high school graduates is the college continuation rate. Chance for college is college freshmen divided by those who left high school. We apply this first to the total population of those who left high school for the years 1964 to 1992.

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Mission Statement
This newsletter is founded on two fundamental beliefs. First, sound public policy requires accurate, current, independent, and focused information on the human condition. Second, education is essential to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for all Americans.

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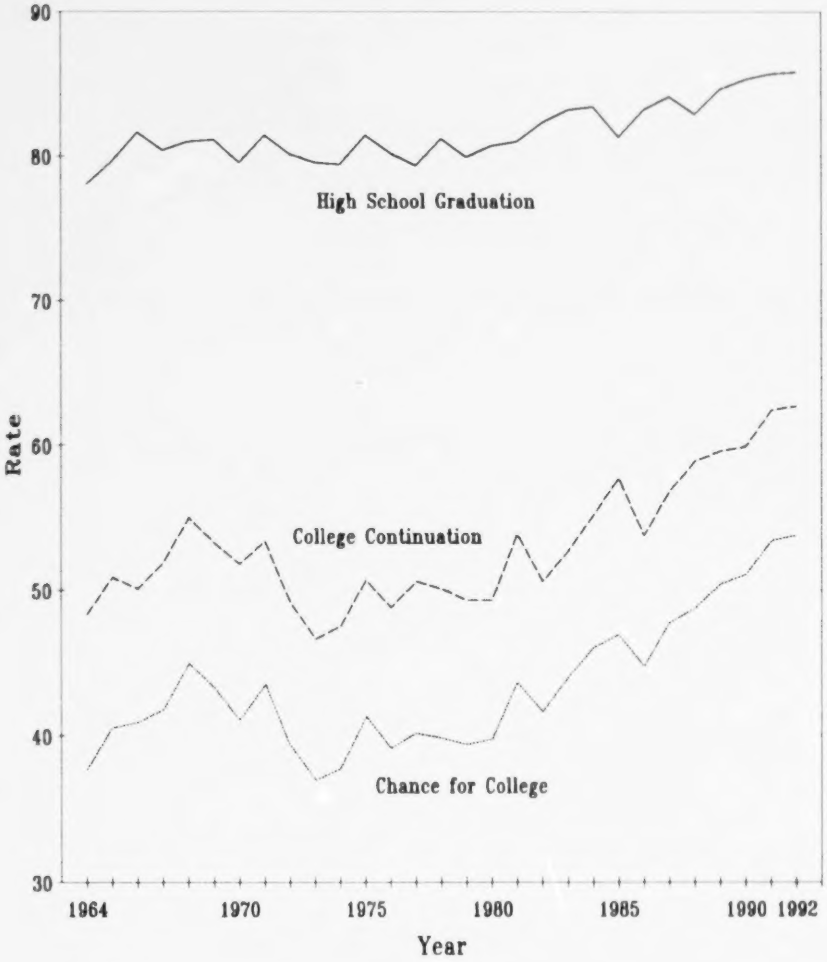
Chance for College
for 16 to 24 Year Olds Leaving High School
1964 to 1992



The **high school graduation rate** ranged between 79 and 81 percent between 1964 and 1981. Then beginning in 1982 it began edging upward to a record high 85.8 percent in 1992. This increase corresponds closely with a sharp increase in the return on a college investment decision that occurred throughout the 1980s.

The **college continuation rate** for all high school graduates follows a similar pattern. While holding essentially constant at about 50 percent from 1964 to 1980--despite enormous gender differences that will become apparent shortly--this rate began to increase sharply in 1981. This increase reached record levels almost annually throughout the 1980s and the early 1990s to a record 62.7 percent in 1992. Again, the labor market influence on economically marginal college student enrollment behaviors is clear.

The **chance for college** for those leaving high school between 1964 and 1972 follows these patterns. Until 1981 the proportion remained relatively flat at close to 40 percent. Beginning in 1981, however, this rate records fairly steady annual gains to a record 53.8 percent for the 1992 class.

The significance of the gain in chance for college can be measured in terms of freshmen enrollment gain in higher education. In October of 1992 there were 1,542,000 freshmen enrolled out of high school. If the chance for college had remained at the 40 percent average of the years from 1964 to 1980, there would have been only 1,147,000 freshmen enrolled. Thus, the gain in chance for college increased freshmen enrollments by 395,000 students in American colleges and universities.

Male Chances for College

The overall male pattern is generally similar to the pattern for the total population--after all, males are about half the population. However, one very important pattern differentiates male data from that for females: the Vietnam War era.

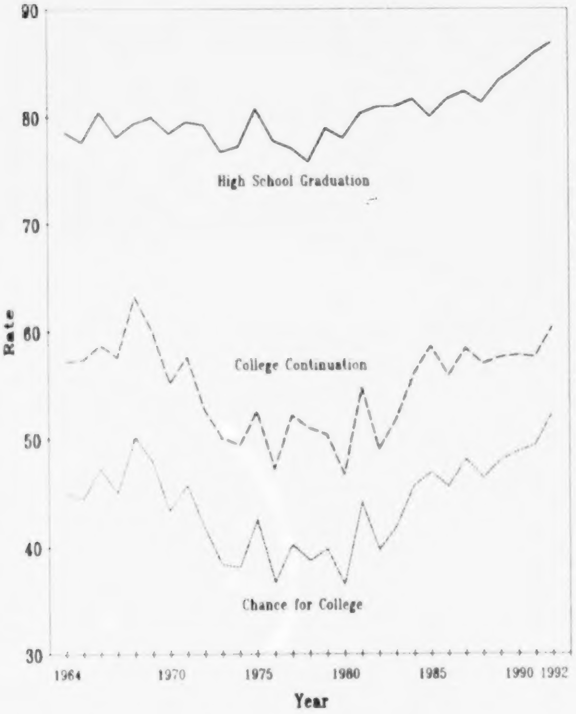
Currently about 3 percent of the male population of 18 and 19 year olds are in military service. But throughout most of the 1960s more than 10 percent of males this age were on active duty. The ending of the military draft and arrival of the all-volunteer military in 1973 saw not only a sharp reduction in military enrollments but also collegiate as well.

The Vietnam War/military conscription/exemption for collegiate enrollment era appears to have had a small effect on high school graduation rates as this rate declined slightly in 1973. However, the effect on the college continuation rate is clear and substantial. Despite more than a decade of substantial growth in the college continuation rate for males, by

1992 this rate was still below the peak rate reached in 1968 at the height of military manpower needs for the Vietnam War.

The combined substantial and steady increases in both high school graduation rates and college continuation rates since 1980 produced in 1992 a near-record chance to reach college following high school. For the first time since 1968, a male's chances for reaching college immediately after high school surpassed 50 percent.

Chance for College for Males
16 to 24 Year Olds Leaving High School
1964 to 1992



Female Chances for College

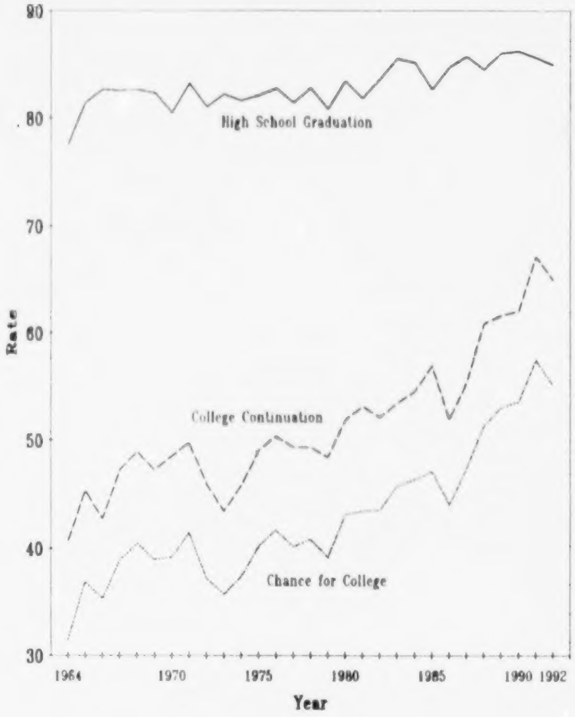
Without the military draft to influence educational decisions, the trends and patterns for women present a quite different picture than that for men. Particularly in pursuing collegiate enrollment after high school, women have shown almost continuous increases in college continuation rates and chance for college over the last three decades.

High school graduation rates for females have been greater than those for males since 1964--until 1991. During this 25-year period, high school graduation rates for women exceeded those for males by from 1.4 to 7 percent. However, in 1991 the female high school graduation rate dropped below the rate for males, by .2 percent, and by 1992 the female rate stood 1.9 percent below the rate for males at 86.8 percent.

The college continuation rate for female high school graduates increased from 41 percent in 1964 to a peak of 67 percent by 1991. By 1992 this rate had dropped back to 65 percent. This increase since 1964 meant that there were an additional 295,000 women enrolled in college in 1992 than there would have been at 1964 rates.

The chance for college for women leaving high school has increased 31 percent in 1964 to nearly 58 percent by 1991 (and 55 percent by 1992). No other population group that can report such stunning gains in higher education opportunity over this period.

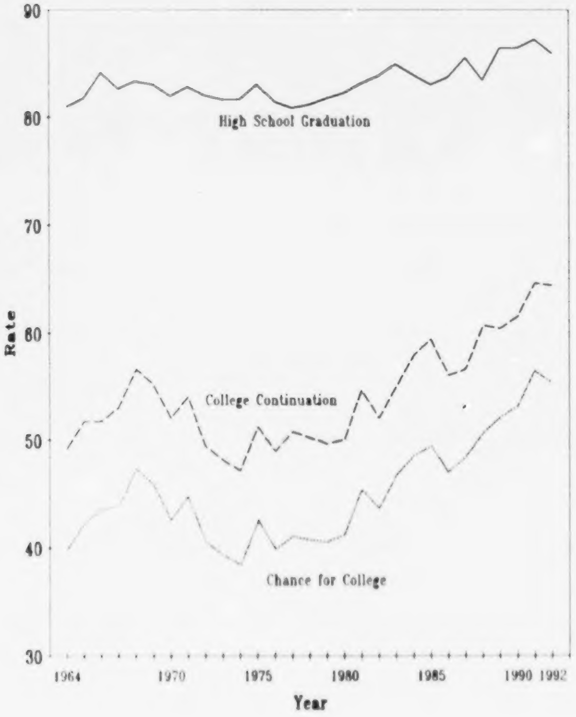
Chance for College for Females
16 to 24 Year Olds Leaving High School
1964 to 1992



White Chances for College

Whites constitute nearly four out of five 16 to 24 year olds leaving college. Thus, high school graduation rates, college continuation rates, and chances for college for whites look very similar to the data for the total population. Because whites are somewhat more affluent than the total population, their rates are also somewhat greater than those for the population. Record high school graduation, college continuation, and college chances rates were reached for whites in 1991, then dropped off for 1992.

Chance for College for Whites
16 to 24 Year Olds Leaving High School
1964 to 1992



Black Chances for College

Blacks constituted 14 percent of the population of 16 to 24 years olds leaving high school in 1992. The population flow in 1992 as reported by the Bureau of Labor Statistics was as follows:

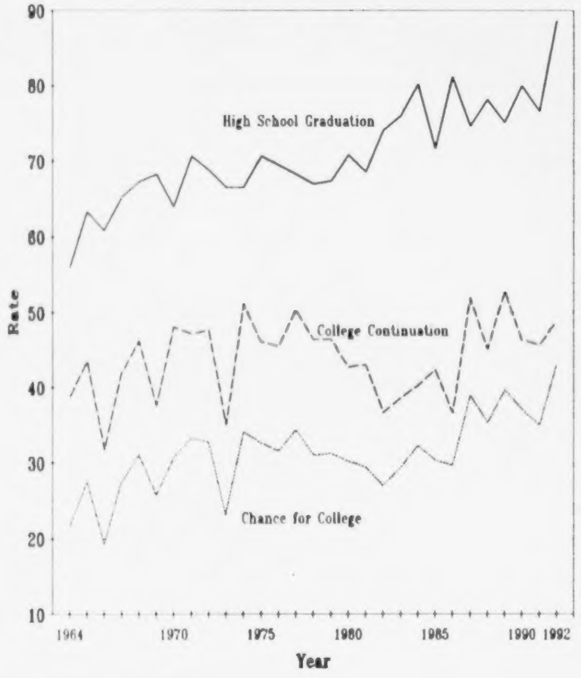
Left high school	405,000
As drop-outs	Less 46,000
As high school graduates	Equals 359,000
Did not continue education	Less 184,000
College freshmen	Equals 175,000

The high school graduation rate for blacks has shown steady and substantial gains since 1964, from 56 to nearly 89 percent. Over the years of available data the black high school graduation rate was as much as 25 percent below the white rate. However, the steady increase in the black high school graduation rate--and lack thereof among whites--meant that the gap has closed substantially over the last twenty five years.

The college continuation rate for black high school graduates shows a different picture. For blacks this rate has shown little growth, and in 1992 stood about where it was in 1970. (Other evidence from the Current Population Survey suggests some blacks enroll in college later than whites.)

Blacks' chances for college immediately after high school have doubled since 1964, primarily because of the increase in the black high school graduation rate.

Chance for College for Blacks*
16 to 24 Year Olds Leaving High School
1964 to 1992



*Blacks and other races before 1976.

Hispanic Chances for College

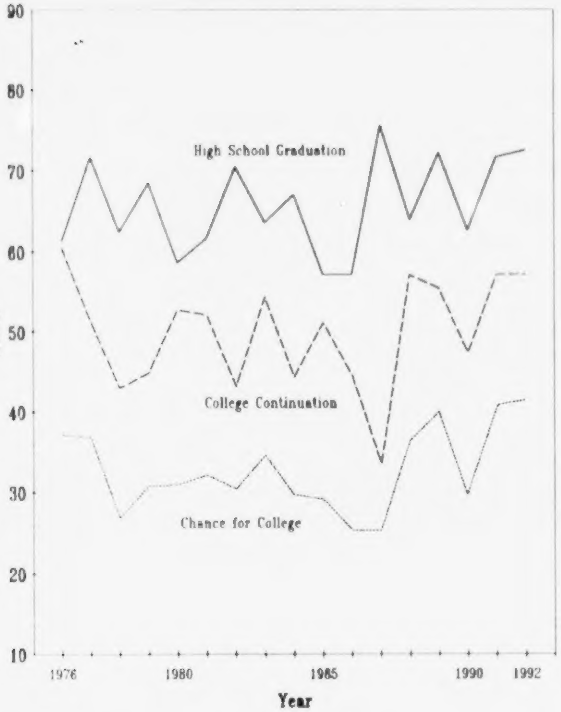
Hispanics are an ethnic group, and may be of any race. In 1992 Hispanics constituted 10 percent of the population of 16 to 24 year olds leaving high school. They constituted 8.5 percent of the high school graduates, and 7.8 percent of those entering college in the fall of 1992.

Hispanic data has been reported by the Bureau of Labor Statistics since 1976. In 1992 the flow of Hispanics ages 16 to 24 years from high school was as follows:

Left high school	290,000
As drop-outs	Less 80,000
As high school graduates	Equals 210,000
Did not continue education	Less 90,000
College freshmen	Equals 120,000

Between 1976 and about 1987, Hispanics showed little progress in educational attainment. About 30 percent of those leaving high school entered college the following fall. However, since 1988 Hispanic chances of reaching college following high school have improved to about 40 percent, although they are still well below those of whites whose chances in 1992 were about 55 percent.

Chance for College for Hispanics
16 to 24 Year Olds Leaving High School
1976 to 1992

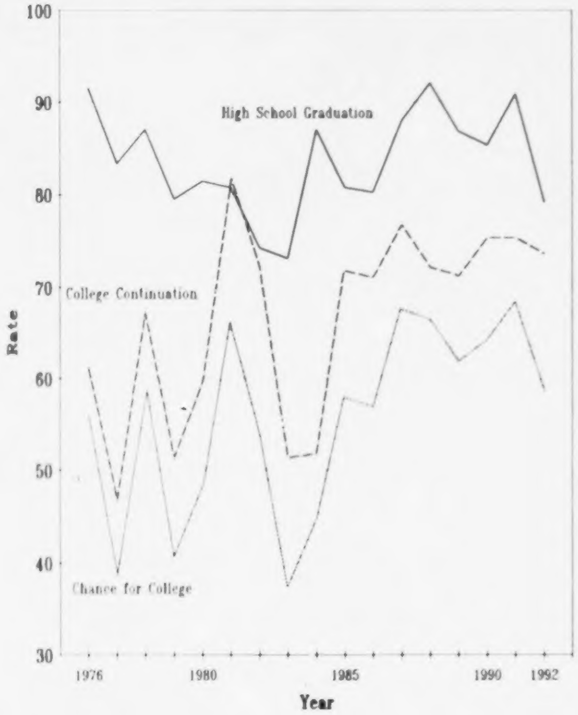


Other Race Chances for College

Those of other race are mainly Asians, although this group includes American Indians as well. Since 1976 this group has grown from 1.6 percent of the population of 16 to 24 years olds leaving high school, to 6.5 percent by 1992. In 1992 this group comprised 6 percent of the high school graduates and 7.1 percent of college freshmen.

The small numbers for this group contribute to the statistical volatility of their data as shown in the following chart. Generally, spikiness should be ignored in favor of the more important general finding of relatively high high school graduation rates, very high college continuation rates, and consequently very high college continuation rates--the highest of any reported group.

Chance for College for Other Race
16 to 24 Year Olds Leaving High School
1976 to 1992



Notes on These Data

These data were obtained from various published and unpublished reports prepared by the Bureau of Labor Statistics from data collected in the October Current Population Survey. Additional assistance was provided by Sharon Cohany, Economist, Bureau of Labor Statistics, U. S. Department of Labor, Washington, DC, at (202) 606-6378. The 1992 data were published in United States Department of Labor **NEWS** release USDL 93-153, dated May 4, 1993. This report contains significant additional data on the labor force participation of those who left high school between October of 1991 and October of 1992.

Where Opportunity Lies . . . *. . . First in a Series*

State Student Financial Aid Reached Record Levels in 1992-93

*In last month's **OPPORTUNITY**, we examined undergraduate participation in the Pell Grant Program by state. This month we begin the examination of undergraduate participation in state grant programs by state.*

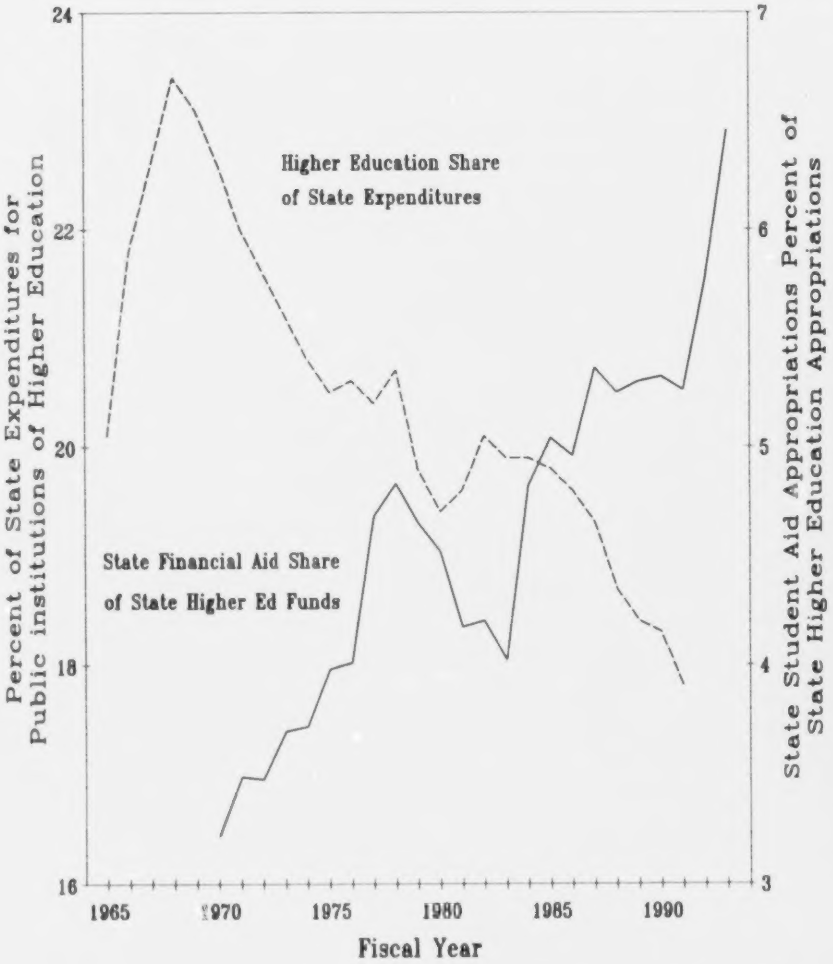
In FY1993 states made grants totaling about $2,571,735,000 to over 1,700,000 students. This represents an 8 percent increase in state funding of student financial aid over FY1992 at the same time that state funding of higher education overall was reduced by 2 percent. The state higher education financing shift toward student financial aid and away from institutional aid that has been underway since FY1968 surged in FY1993.

However, states make extraordinarily uneven commitments to targeting their subsidies on needy students. States chose to spend as little as 1 percent and as much as 20 percent of their higher education funding on financial aid for students. And just fourteen states allocated about 80 percent of the financial aid awarded by states. About three-quarters of this state aid is need-based grants to undergraduate students.

This report is based on the annual survey of state scholarship and grant agencies conducted by the Pennsylvania Higher Education Assistance Agency for the National Association of State Scholarship and Grant Programs, and similar surveys conducted in prior years. The most recent surveys have been conducted by Dr. Jerry Davis and his colleagues in the Research Division at PHEAA.

The analyses reported here will begin a series of reports on state financing of educational opportunity through student financial aid programs. Other reports will follow in subsequent issues of OPPORTUNITY. Here we begin with some reports on which states are doing what in state funded grant programs and issues that they have faced during the recent/continuing economic recession.

Distribution of State Funds
for Higher Education
FY1965 to FY1993



State Student Aid Programs

State student grant agencies administered 223 state and federal grant programs to students enrolled in postsecondary education programs in their states and elsewhere in 1992-93. One program alone--**New York's** Tuition Assistance Program--accounts

Largest State Need-Based Undergraduate Grant Programs, 1992-93

State	Program	Number of Recipients	Dollars (000) Awarded	Year Created	Average Grant	Maximum Grant	Need Analysis	Eligible Institutions
New York	Tuition Assistance Program	275,887	$543,673	1974	$1971	$4050	S	ABCDEFGHI
Illinois	Monetary Award Program	115,000	201,932	1958	1756	3500	C	ABCDEGH
Pennsylvania	State Grants	126,750	173,213	1966	1367	2400	S	ABCDFGHI
New Jersey	Tuition Aid Grants	55,000	106,687	1977	1940	4500	C	ABCDF
California	Cal Grant A	39,200	95,963	1956	2448	4452	CM	ABCDEFGH
Minnesota	State Grant Program	63,267	79,000	1968	1249	5848	CM	ABCDEFGH
Ohio	Instructional Grants	95,400	66,000	1970	692	3468	O	ABCDEFGH
Indiana	Higher Ed/Freedom of Choice Grants	55,846	55,414	1966	992		CM	ABCDEG
California	Cal Grant B	31,950	53,093	1969	1662	5648	CM	ABCDEFGH
Michigan	Tuition Grants	26,040	42,780	1966	1643	2025	C	BD
Massachusetts	General Scholarship	32,000	35,239	1957	1101	2500	C	ABCDEFGH
Iowa	Tuition Grant Program	14,000	30,524	1969	2180	2650	C	BDHI
Florida	Student Assistance Grants	33,274	29,071	1972	874	978	CM	ABCDFH
Michigan	Competitive Scholarships	25,900	28,659	1964	1107	1200	C	ABCD
Texas	Tuition Equalization Grants	15,840	23,760	1971	1500	3684	CM,P,G	BD
Washington	State Need Grants	19,860	22,516	1970	1134	2067	C	ABCEF
Wisconsin	Higher Education Grants	37,000	21,840	1976	590	1800	CM	ACE
South Carolina	Tuition Grants	6,312	17,105	1970	2710	3990	S	BD
Wisconsin	Tuition Grants	8,700	14,839	1965	1706	2172	CM	BDH
Maryland	General State Scholarships	12,008	14,714	1961	1225	2500	C	ABCDGH
Tennessee	Student Assistance Awards	19,500	13,723	1976	704	1482	P	ABCDEFGH
Oklahoma	Tuition Aid Grants	16,595	13,231	1974	797	1000	S	ABCDEFGH
Kentucky	College Access Grant Program	22,000	12,500	1990	568	700	CM	ABCDF
Colorado	Student Grants	16,350	12,295	1971	752	2000	CM	ABCEFG
Connecticut	Independent College Student Grants	4,000	12,055	1976	3014	6700	CM	BD
Oregon	Need Grants	15,450	12,048	1971	780	1920	CM,O	ABCDGH
New Jersey	Educational Opportunity Fund	12,179	11,781	1968	967	1950	C	ABC
New York	Aid for Part-Time Study	21,499	11,130	1984	518	2000	O	ABCDF
Missouri	Student Grants	8,500	11,097	1972	1306	1500	CM	ABCDEGH
Massachusetts	Cash Grants	11,100	10,000	1992	901	Tuition	I	AC
Vermont	Incentive Grants	9,086	9,934	1965	1093	4950	C	ABCDEFGH
Rhode Island	Scholarship and Grant Program	13,500	9,586	1978	710	800	CM	ABCDEFGH
Kentucky	Tuition Grant Program	7,400	8,020	1975	1084	1200	S,O	BD
Puerto Rico	Educational Fund	23,555	7,546	1969	320		P	ABCDGH

Source: "24th National Association of State Scholarship and Grants Programs Annual Survey Report, 1992-1993 Academic Year." Pennsylvania Higher Education Assistance Agency, Harrisburg, Pennsylvania. March 1993.

Need Analysis: CM = Congressional Methodology; C = Modified CM; I = Institutions choose; S = State System; P = Pell System; O = Other.

Eligible Institutions: A = Pub 4-Yr; B = Priv 4-Yr; C = Pub 2-Yr; D = Priv 2-Yr; E = Pub Vo-Tech; F = Priv Vo-Tech; G = Pub Nursing; H = Priv Nursing; I = Other.

for 21 percent of all state dollars awarded through state grant programs, and the nine largest programs award 53 percent of all state grant dollars.

The oldest of these state programs are **California's** Cal Grant A Program (1956), **Massachusett's** General Scholarship Program (1957), and **Illinois'** Monetary Award Program (1958). These programs were all created by states well before Congress passed the **Higher Education Act of 1965**, which created the original federal Educational Opportunity Grant Program. Of the remaining 31 largest need-based undergraduate grant programs, 12 were initiated in the 1960s, 16 in the 1970s, one in the 1980s, and two in the 1990s.

State student aid programs are generally targeted by level--undergraduate and post-baccalaureate--and to either needy or academically talented students. About three-quarters of all state grant dollars are awarded to undergraduates on the basis of financial need, and we will concentrate here on this group of programs. (The largest of these programs are described on the previous page.)

These programs follow the general formula below for determining need for state grant assistance:

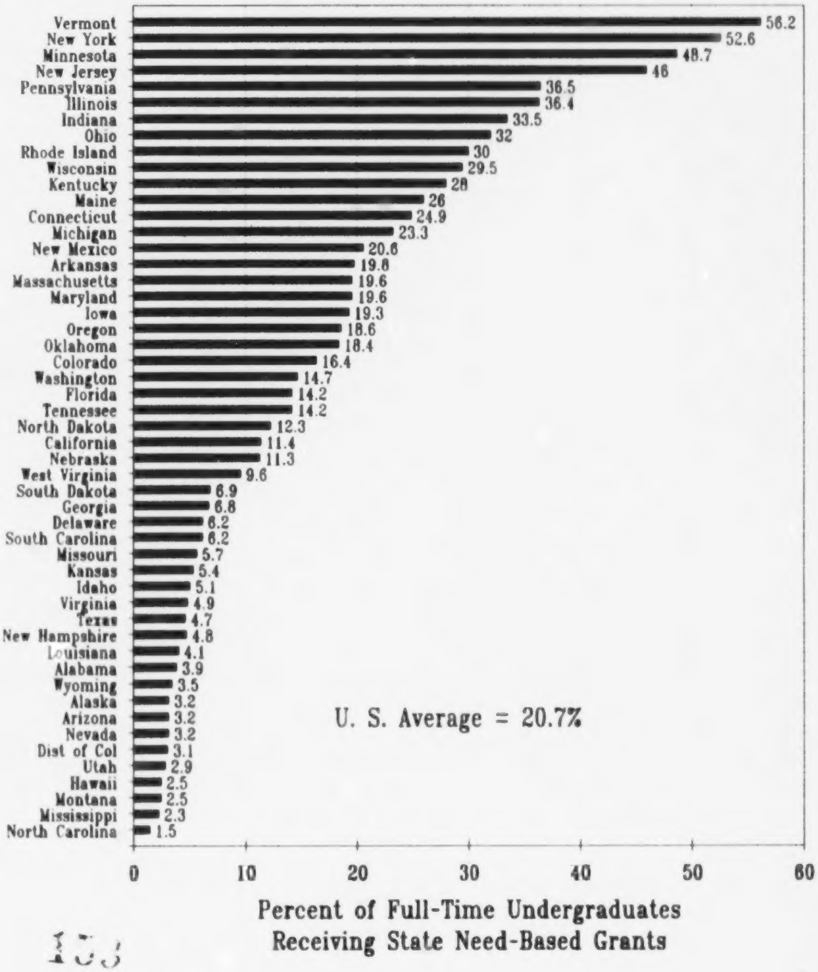
Cost of Attendance
Less Expected Family Contribution
Equals Financial Need

In such formulas, cost of attendance includes tuition, fees, books, supplies, food, housing, transportation, and personal and medical care. Expected family contributions are determined through standard formulas (Congressional Methodology, Pell Methodology, etc.) that assess family resources available to finance higher education. The remainder--financial need--becomes the basis for packaging grants, loans, and earnings from employment to finance each year of college attended.

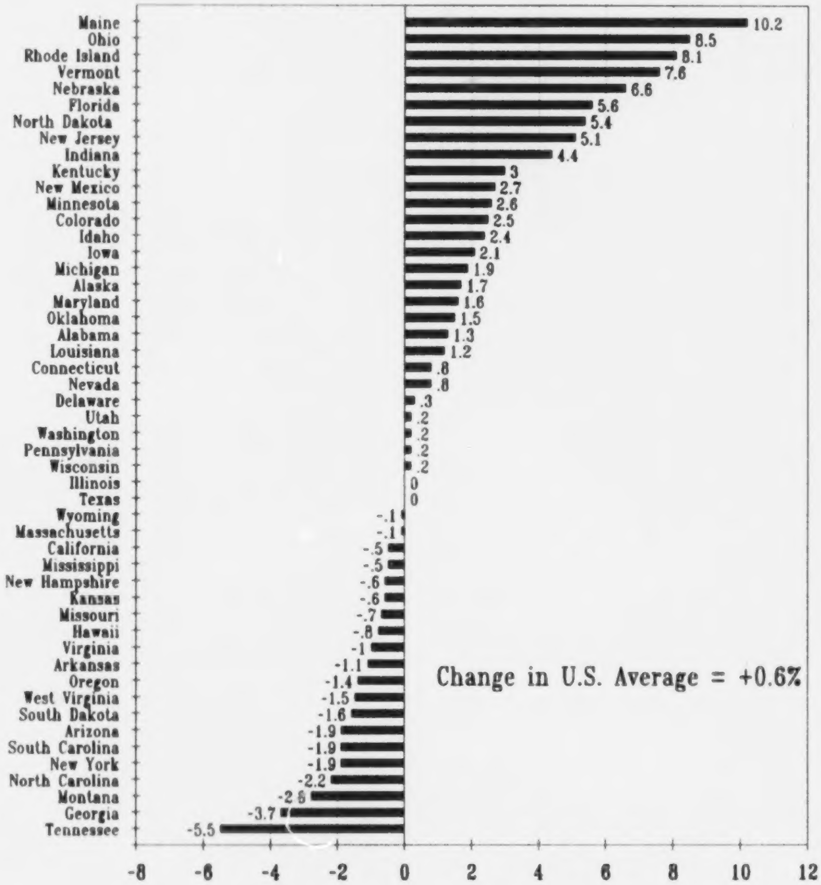
The need-based undergraduate grant programs listed here are of two general types. The first of these are *tuition equalization programs* designed to help students and their families bridge the large price gap between public (subsidized) tuitions and the (largely unsubsidized) tuitions charged in private institutions. States with large tuition equalization grant programs for students in private colleges include: **Michigan, Iowa, Texas, South Carolina, Wisconsin, Connecticut,** and **Kentucky**. (Both **Wisconsin** and **Massachusetts** have large state grant programs limited to students in public institutions.)

In 1991-92, for example, private universities charged an average of $6174 more than did public universities in tuition and fees. Private four-year colleges charged an average of $5201 more than public four-year colleges. Private two-year colleges charged an average of $2784 more for tuition and fees than did public two-year colleges. The tuition equalization grants are designed to help students who demonstrate

Undergraduate Participation
in State Need-Based Grant Programs
1992-93



Change in Undergraduate Participation in State Need-Based Grant Programs 1989-90 to 1992-93



Change in Percent of Full-Time Undergraduates Receiving State Need-Based Grants

financial need to help finance these price gaps.

The larger state need-based undergraduate grant programs include students in both public and private higher education and vocational institutions. These are common to all states, due in part to federal incentives in the federal State Student Incentive Grant Program.

Aided Undergraduates

The total of all state need-based undergraduate programs is less than the federal Pell Grant Program, as summarized in the following table. For students who receive state grants, however, the average amounts are similar to federal Pell Grants in size.

Comparison of Federal Pell Grant Program to State Grant Programs 1991-92

	All State Grant Programs	Pell Grant Program
Recipients	1,700,000	3,786,200
Dollars(000)	$2,335,139	5,792,700
Average Grant	$1374	$1530

While about 21 percent of all full-time undergraduates receive state need-based grants, there is an extraordinary range across the states. The range is from 1.5 percent of those in **North Carolina**, to 56 percent of those in **Vermont**. (Not coincidentally, Vermont has the highest tuition rate in its flagship state university of any university in the country, and North Carolina has the lowest. See the April 1993 issue of **OPPORTUNITY**.) This range reflects the unevenness of state commitment to funding need-based grants for undergraduate students.

During the period spanning the years of this country's most recent economic recession, some states have expanded the proportion of their undergraduate students receiving state need-based grants, while others have reduced their proportions. Notable among those expanding undergraduate participation in their state grant programs are **Maine, Ohio, Rhode Island, Vermont, and Nebraska.** States that retrenched undergraduate participation in their state need-based grant programs were **Tennessee, Georgia, Montana, and North Carolina**.

++ To Be Continued ++

Most of the material on state financial aid programs used here is reported annually by the National Association of State Scholarship and Grant Programs. The most recent survey report, available for $5, is:

Davis, J. S., Nastelli, D., & Redd, K. E. (March 1993) *24th National Association of State Scholarship and Grant Programs Annual Survey Report, 1992-1993 Academic Year.* Harrisburg, PA: Pennsylvania Higher Education Assistance Agency. (Phone: 717/257-2500)

Opportunity Knocks . . .
Pell Grant Alternatives

*Most people agree that the federal **Pell Grant Program** is the foundation of needy students' financial aid packages. By any measure, the effectiveness of the Program is in serious trouble. Since its inception two decades ago, responsibilities have been added to the Program faster than resources have been added to fund those responsibilities. The result is a seriously underfunded and increasingly ineffective foundation for needy student financial aid awards. In this editorial we offer five alternative proposals to refocus the Pell Grant Program to restore its effectiveness in serving the most needy of students.*

More Responsibilities Than Resources

In 1972 the Pell Grant program grew out of Congressional interest in providing a substantial foundation of grant assistance to students from poverty level family income backgrounds who wished to pursue postsecondary education. In the two decades since its inception, both students and Congress have altered this focus in ways that add substantial responsibilities far beyond the resources added to fund them. Among these changing conditions are the following:

- In the first year of the Program, 1973-74, 13.3 percent of all Pell Grant recipients were independent students. By 1985-85 this proportion had grown to 50.4 percent, and by 1991-92 it was a record 61.5 percent. A type of student originally considered incidental to the Program has come to dominate it, thereby displacing resources previously used by dependent students.

- Beginning in 1978 in the *Middle Income Student Assistance Act*, Congress has altered the Pell Grant eligibility formula to add students from progressively higher family income levels to the program. In 1978 the assessment rate against family income above the poverty level income protection allowance was reduced. In 1986 an offset for state and other taxes was added, and the expectation from families with more than one family member in college at the same time was reduced. In 1992 home and farm equity was eliminated from family resources considered available to finance college. These changes benefitted only students from family income backgrounds above the poverty level. In fact the higher the family income up to certain levels the greater were these formula-driven benefits.

- During the last two decades the number of high school graduates dropped by about 17 percent. However, their college continuation rate increased sharply--from 49 to 63 percent. As a result the number of high school graduates continuing on to college immediately after high school increased by 6 percent.

- During the last two decades there has been substantial redistribution of family income. As a result there are more affluent and poor students than there were twenty years ago, and fewer from middle income backgrounds. As the changing economy has reduced labor force alternatives to postsecondary education, the financial needs of many new prospective college students have increased.

These and many other significant economic, social, and political changes have added responsibilities to the Pell Grant Program. Yet resources have not been added to fund all of these added responsibilities. As a consequence, the maximum Pell Grant available to the lowest income students has lost much of its higher education purchasing power. In 1979-80 the Pell Grant maximum award for the poorest students paid for 77 percent of the average institutional charges (tuition, fees, room, and board) at a public four-year college or university. By 1993-94 it will cover only 35 percent of these charges. During this same period of time, the maximum Pell Grant's purchasing power at a private four-year college or university dropped from 36 percent to 14 percent of institutional charges.

To restore the purchasing power of the maximum Pell Grant award available to the lowest income students to the level of 1979-80 when some measure of equality of postsecondary opportunity had been achieved, the maximum would have to be funded to a level of $5160 in public institutions, and $6010 in private institutions for 1993-94. Instead the federal government will fund Pell Grants up to a maximum of $2300 for 1993-94.

A Commitment to Focus

Under current federal resource constraints, we consider ***incremental*** resources to fund a Pell Grant of $5000 to $6000 to be impossible. The federal government is broke regardless of the good intentions of Congress to support student financial aid. Rather we list here five alternatives based on *reallocation* of currently available resources to focus what is currently available on one or more groups of needy, low family income students.

1. **Restore the original Pell Grant eligibility formula by deleting liberalized eligibility formula changes made in 1978, 1986, and 1992.** Between 1973-74 and 1978-79, the Pell Grant eligibility formula operated effectively under a formula that clearly focused available resources on those

from lowest family income backgrounds. The liberalization that occurred later should be eliminated to restore this original focus.

2. **Limit Pell Grant eligibility to the first two years of postsecondary education.** Reallocate Pell Grant funds currently used by third, fourth, and fifth year undergraduates back to first and second year students to increase their grants. This would require increasing loan limits for juniors and seniors to replace lost Pell Grant eligibility. This alternative would address numerous problems related to misuse of loans in the first two years of postsecondary education.

3. **Use federal Pell Grants to leverage state resources for increased federal/state need-based grants.** Currently only about 6.5 percent of state funds for higher education go to need-based student aid grants. In some states--**New York** and **Vermont**--more than 20 percent of state funds are targeted on needy students. But in other states as little as 1 percent is targeted on needy students. Using federal funds to leverage state resources was effective in the State Student Incentive Grant Program. The principle would have greater leverage in the Pell Grant Program.

4. **Sharply truncate the Pell Grant payment schedule to eliminate least needy recipients and add these funds to those who are most needy.** For discussion, we suggest eliminating all Pell awards of less than $1500.

5. **Limit Pell Grant eligibility to those less than 24 years of age.** Given current definitions of family dependence, this would refocus available resources on those for whom the Program was originally created. Alternative funds would have to be found to help older students seeking training or retraining for employment.

Postsecondary opportunity in general and student financial aid in particular stand at the center of enormous conflicts that, depending on how they are resolved, will chart our country's future. On the one hand are undeniable imperatives to broaden postsecondary education and training opportunities for Americans. There is no study of our nation's problems and alternative futures that does not prescribe this as a requirement for a prosperous, harmonious, secure American future.

Opposing these imperatives are staggering fiscal and institutional obstacles. The federal government is broke. States have shown a declining interest in funding higher education for the last twenty five years, and competing demands for state resources all seem to have a higher priority than funding public higher education institutions. As a system, higher education has demonstrated its unwillingness to serve disadvantaged populations. Higher education seems to be most seriously interested in those who are least disadvantaged, mainly the affluent whites.

Higher education lives in a highly constrained and deteriorating resource environment. The challenge of broadening postsecondary opportunities on a declining base of federal and state funding would be impossible were not important options available. One of these is institutional productivity enhancement--doing more with less. Another is asking those capable of paying more for their own educations to do so, beginning now. As tuitions are raised for those who can afford to pay them, resources would be released to better fund the capacity, quality, and affordability needs of higher education.

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Postsecondary Education OPPORTUNITY

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 15 **Iowa City, Iowa** **July 1993**

Up, Up and Away . . .

Affordability Concerns Re-emerge Among American College Freshmen in 1992

The fall 1992 survey of American college freshmen conducted by the Higher Education Research Institute at UCLA draws our attention, once again, to student concerns about the affordability of American higher education. The Freshman Survey has been conducted each year since 1966.

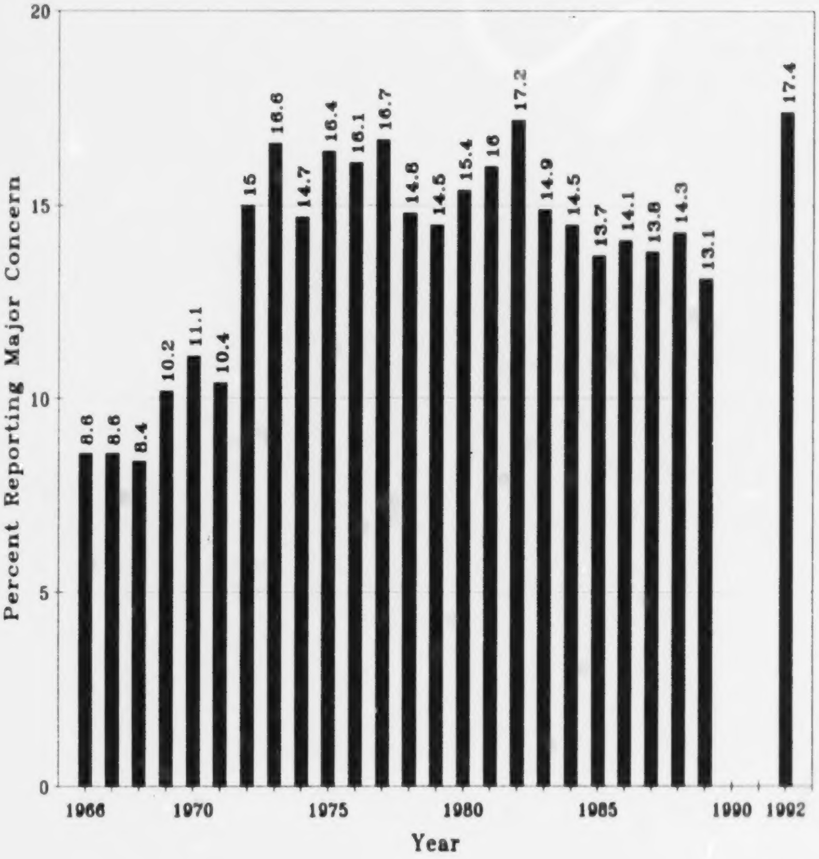
The 1992 data show:

- *the smallest percentage (29.9 percent) of freshmen in the history of the freshman survey reported no concerns about financing their college educations, and*
- *the largest percentage (17.4 percent) of college freshmen reported that financing their college careers was a major concern.*

Given the chaos in 1993 financial aid processing and growth in unmet financial need as created by the new federal need analysis, the situation could be worse this fall.

Here we review data collected from students by Dr. Eric Dey and colleagues of UCLA's Higher Education Research Institute, to identify why, where, and for which students affordability has reared its ugly head. Opportunity problems like affordability are always greater obstacles to higher education for some students more than for others.

Major Concern About Financing College Among College Freshmen 1966 to 1992



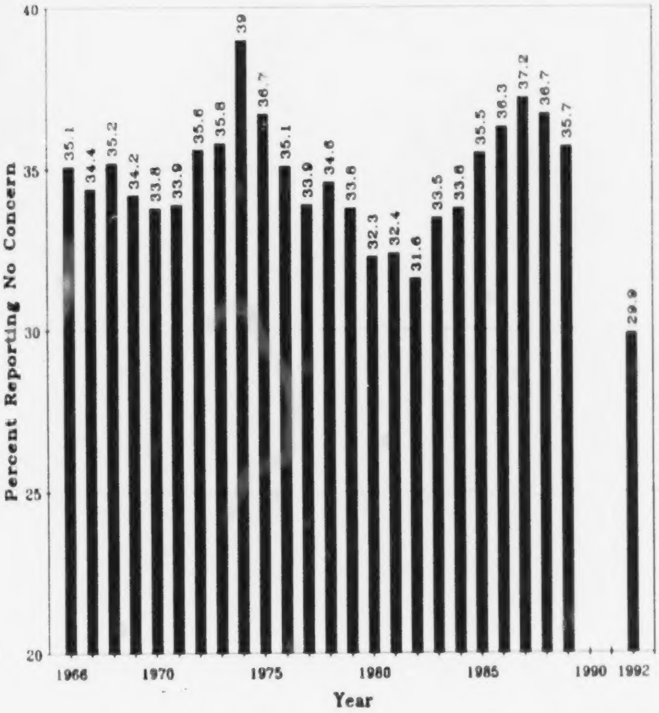
Concerns About Financing

A key question in UCLA's Freshman Survey--concerns about financing higher education--has been asked every year except 1990 and 1991. The proportion of freshman citing financing as a major concern increased sharply in 1972 at the time of the creation of the federal Pell Grant Program and remained around 15 to 16 percent until the early 1980s.

After 1982 the percentage of freshmen reporting a major concern declined gradually through 1989 when it reached the lowest level--13.1 percent--since 1971. The question was not included on the Freshman Survey in 1990 and 1991. When it was asked again in 1992, 17.4 percent of all first-time, full-time college freshmen reported that financing their college educations was a major concern. This was the largest proportion on record.

Similarly, the proportion of college freshmen reporting no concerns about financing their higher education ranged between 32 percent in the early 1980s to a high of 39 percent in 1974. That is, until 1992, when the proportion reporting no concern dropped to 29.9 percent.

No Concern About Financing College
Among College Freshmen
1966 to 1992



The balance of Freshman Survey respondents report some concern about financing college. Over the period of the Survey, this has ranged from a low of 46 percent in 1974, to a high of 57 percent in 1967. In 1992 52.8 percent of all freshmen cited some concerns.

Concerns by Institutional Type

American college freshmen concerns about financing their higher educations vary by institutional type and control. The 1992 Freshman Survey found that freshmen in public or private predominantly black colleges were nearly twice as likely (27 percent) to have a major concern about financing their higher educations as were freshmen in public or private universities (15 percent).

Between 1989--after a decade of declining concern about financing higher education--and 1992--when the proportion of freshmen reporting concerns jumped sharply to the highest level in the history of the Freshman Survey--concerns increased the most in black colleges and public two-year colleges, by from 5 to 7 percent. They increased least in public and private universities, by about 2 percent.

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Editor and Publisher
Thomas G. Mortenson
Phone: (319) 351-4913
TIN: 470520190

Mission Statement

This newsletter is founded on two fundamental beliefs. First, sound public policy requires accurate, current, independent, and focused information on the human condition. Second, education is essential to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for all Americans.

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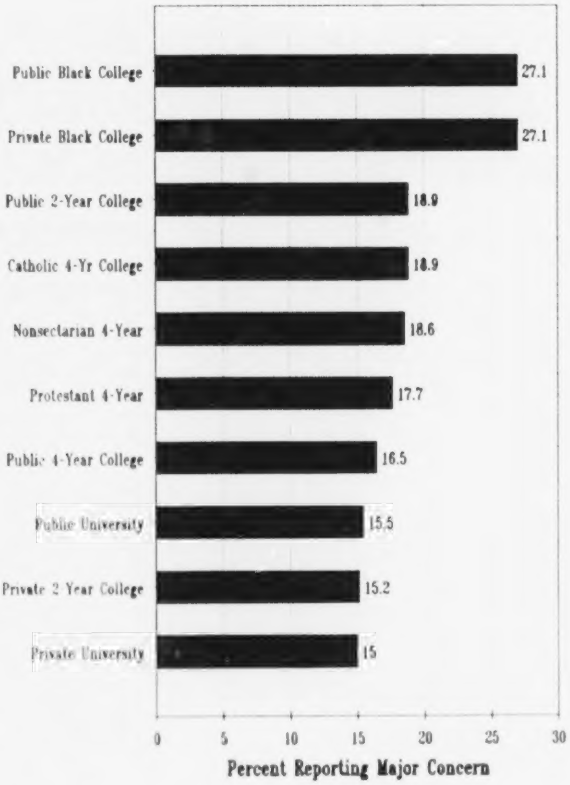
The proportion of freshmen reporting major concern about financing their higher educations appears to be most closely related to median family income by institutional type.

Major Concern About Financing College by Type and Control of Institution 1992

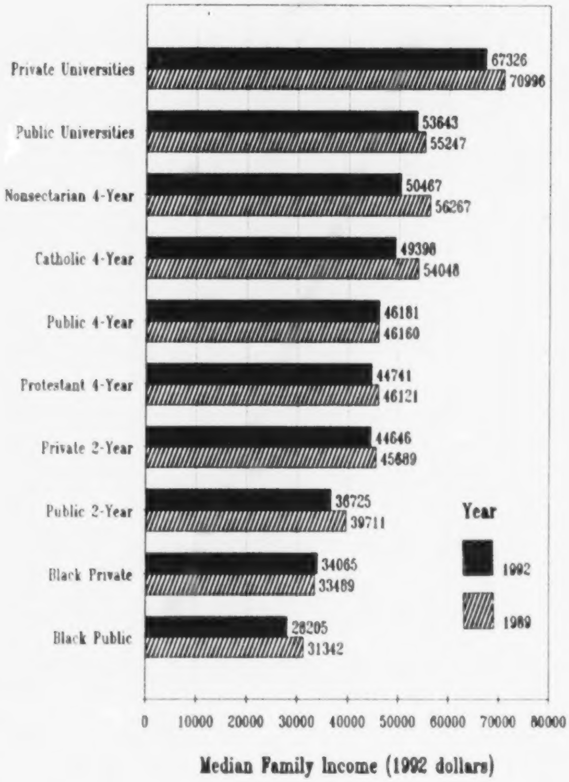


Median family income among first-time, full-time freshmen in 1992 ranged from a low of $28,200 in public black colleges to a high of $67,300 in private universities. This is almost exactly the opposite of the institutional ranking by concerns, leading quickly to the observation that concerns about financing higher education are inversely related to family incomes across institutional types. (This conclusion will be strengthened shortly in this article.)

The ranking in the following chart suggests institutional type is more important than institutional control in determining median family income of the freshman class. Median family incomes are highest in universities whether they be public or private (and where tuitions are highest), then in public or private four-year colleges, then in two-year colleges, and lowest in predominantly black institutions--regardless of their control.

Between 1989 and 1992 median family income declined within most institutional types and controls. The decline was greatest in nonsectarian four-year colleges, from $56,300 to $50,500. The notable exception to the general pattern of decline was private black colleges where median family income increased in constant dollars between 1989 and 1992 by a modest $400.

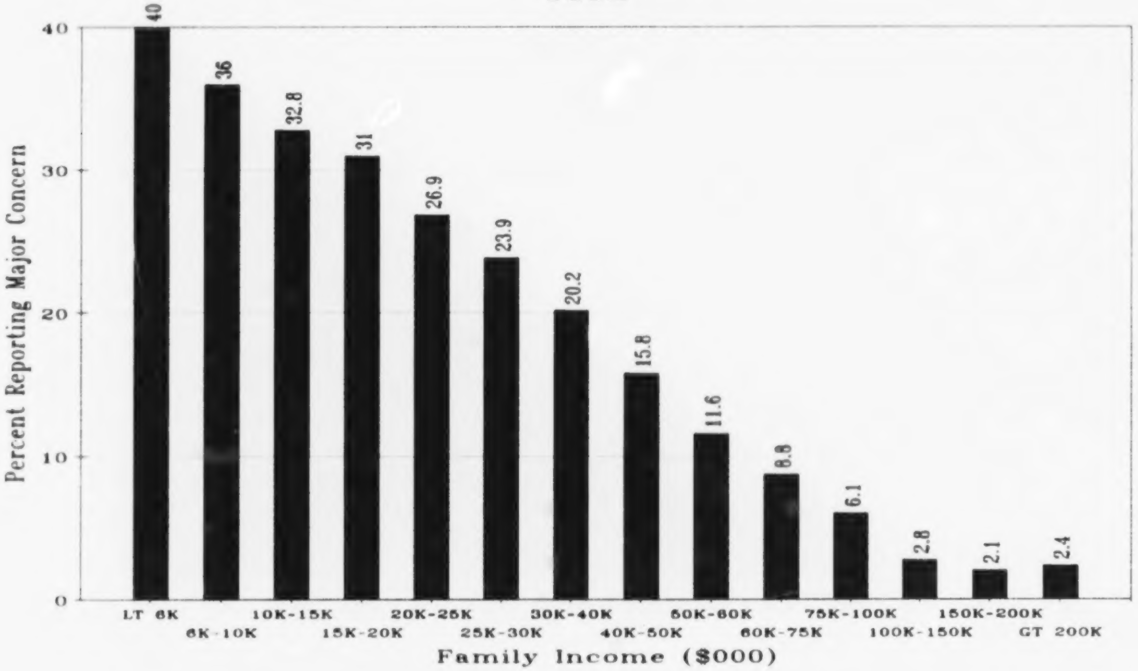
Median Family Income for Freshmen by Institutional Type and Control 1989 and 1992



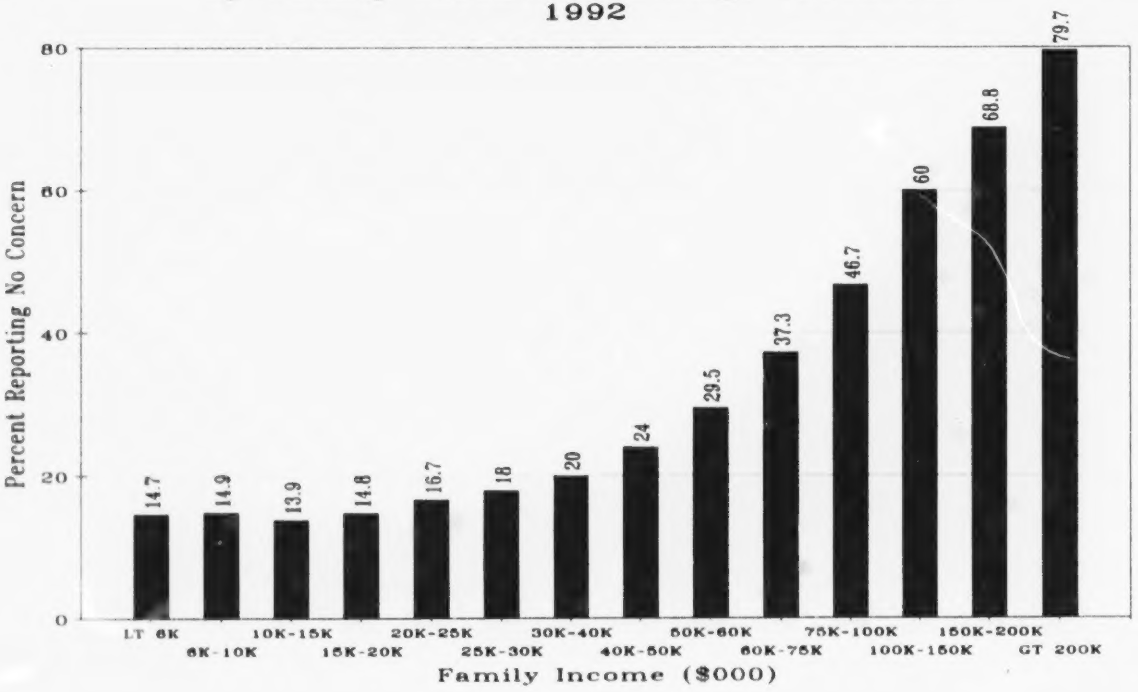
Concerns by Family Income

Perhaps no single student characteristic so distinguishes those students who are most concerned about their ability to finance higher education from those who are least concerned as does family income. As shown in the following chart for fall 1992 college freshmen, 40 percent of those from families earning less than $6000 per year expressed major concern about their ability to finance college. By comparison, just 2.4 percent of those from families earning more than $200,000 per year expressed a similar level of concern. The relationship between these extremes was nearly linear: concerns decreased as family incomes increased.

Major Concern About Financing College
by Family Income of College Freshmen
1992



No Concern About Financing College
by Family Income of College Freshmen
1992



Above about $100,000 in family income, the proportion of college freshmen reporting major concerns about financing their higher educations was nearly insignificant.

Similarly, the proportion of college freshmen reporting no concerns about financing their higher educations rose with higher levels of family income in 1992. Up to $20,000 of family income, less than 15 percent reported no concerns. Above $20,000, this proportion rises gradually with higher family income levels. It has doubled to 30 percent by $50,000 to $60,000, redoubled to 60 percent by $100,000 to $150,000 family incomes, and peaks at 80 percent for those from families earning more than $200,000 per year.

Financial Factors in College Choice

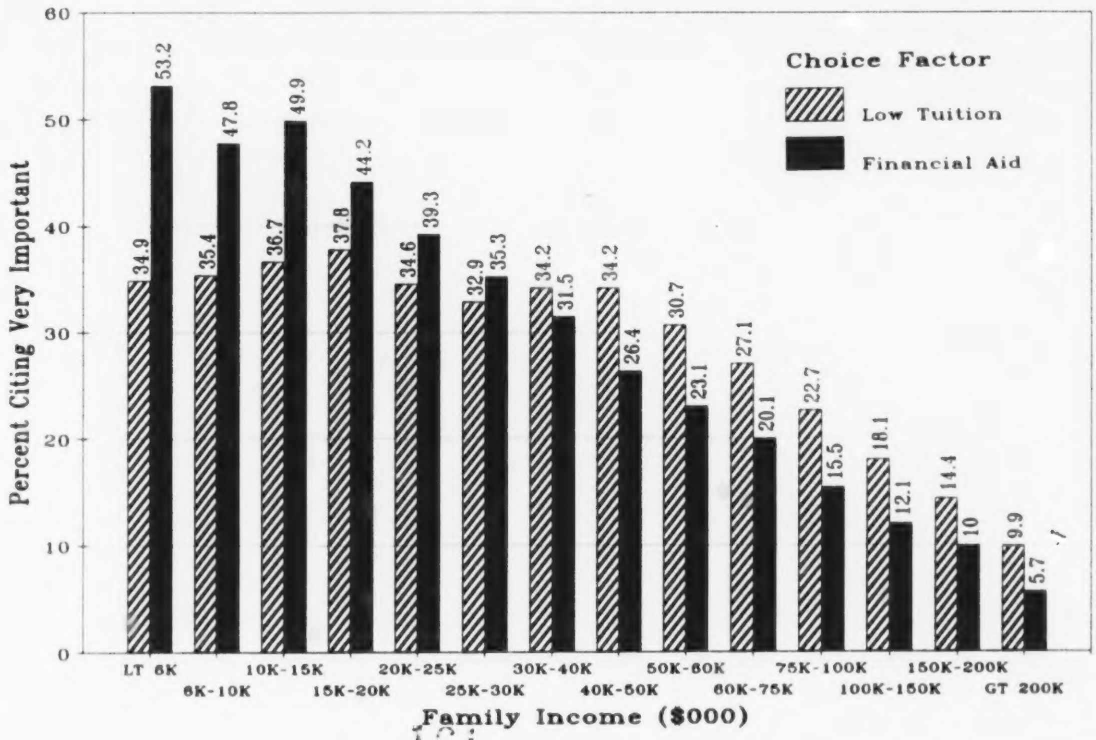
Low tuition: Among 1992 college freshmen, 30 percent reported that low tuition was a very important factor in college choice. This was up from 22 percent in 1989, and was the largest percent of freshmen survey participants since the question was first asked in 1971. The low point in this period was 1979 when less than 17 percent cited low tuition as a very important factor in college choice. Clearly, low tuition was of record high importance in college choice in 1992.

Obviously low tuition is mainly an issue for students enrolling in public colleges. In 1992 low tuition was cited as a very important factor by 41 percent of those enrolled in public two-year colleges (record high), 36 percent of public four-year college freshmen (just below record high of 37 percent in 1991), 30 percent among freshmen in public universities (record high), and 35 percent of public black college freshmen (just below peak of 36 percent in 1991). The record high interest in low tuition as a very important factor in college choice covers all types of public colleges and universities.

Low tuition is most important to students from families earning less than about $50,000 per year. About 35 percent of students from families in this income range cite low tuition as a very important factor in college choice, as shown in the following chart. Above $50,000 in family income, low tuition tapers off in importance. At $75,000 to $100,000, for example, 23 percent of all freshmen cite this as a very important factor in college choice. At family incomes above $200,000, only 10 percent cite low tuition's importance in college choice.

Financial aid offer: In 1992 28 percent of all first-time, full-time college freshmen cited the institutional financial aid offer

Importance of Financial Factors in College Choice
by Family Income of College Freshmen
1992



as a very important factor in their college choice decision. This was the highest proportion of freshmen giving this weight to financial aid since the question was introduced in 1972. It was above the 1991 rate of 24 percent, and well above the record low of 14 percent reported in 1976.

By institutional type and control, the importance of an institutional financial aid offer was the highest ever in nearly all institutions. It was especially high in private institutions: private two-year (38 percent), nonsectarian four-year (43 percent), protestant four-year (51 percent), Catholic four-year (51 percent), and private universities (39 percent). The importance of financial aid was less in public institutions, but still at or near records highs for the last two decades: public two-year colleges (23 percent), public four-year (25 percent), and public universities (21 percent). Only in black colleges--both public and private--was financial aid no more important than it had been in previous years in determining college choice.

By family income, a financial aid offer from the institution was a very important factor in college choice more so to those from low family income backgrounds than others from high family income backgrounds. In 1992 53 percent of those from incomes of less than $6000 said this was a very important factor, compared to 6 percent of those from families earning more than $200,000 per year.

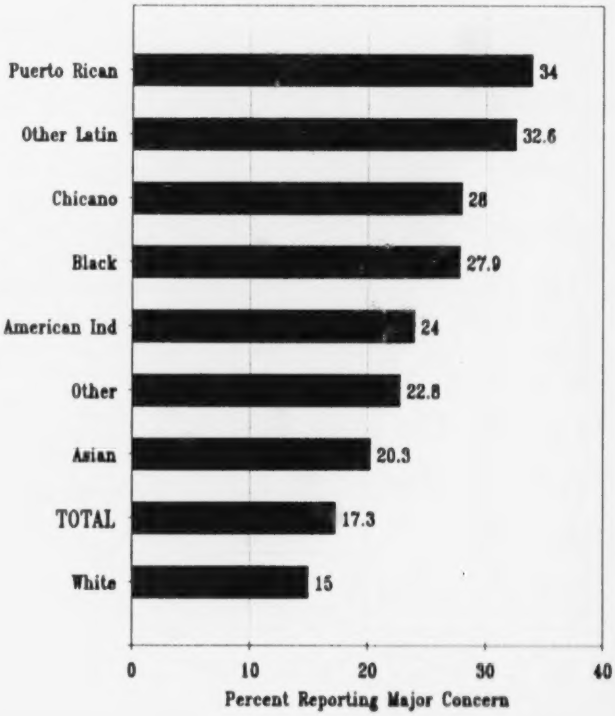
The chart on the previous page reveals another interesting finding: below $30,000 in family income, financial aid is consistently more important than low tuition in determining college choice. However, above $30,000 in family income, low tuition is consistently more important than financial aid in determining college choice. This may be a reflection of federal and state student aid programs being targeted on students from lower family income backgrounds, while students from higher income families can only qualify for state subsidies through enrollment in public institutions.

Financial Concerns by Race/Ethnicity

In 1992 Hispanics, blacks, and American Indians were about twice as likely as whites to express major concerns about their abilities to finance their colleges educations. This was also true in 1989. Moreover, major concerns about financing college educations increased between most sharply between 1989 and 1992 among Puerto Ricans and blacks.

Both low tuition and the offer of financial aid were influential in college choice decisions among substantial shares--about 30 percent--of all racial/ethnic groups, and these factors increased in importance between 1989 and 1992 for most groups. Low tuition was especially important to Puerto Ricans (39 percent), American Indians (35 percent), and blacks (33 percent), and least important to those of other racial/ethnic backgrounds (27 percent). The institutional offer of financial aid was most important in college choice to blacks (44 percent), Chicanos (43 percent), and Puerto Ricans (40 percent), and least important to whites (25 percent).

Major Concern About Financing College
by Race/Ethnicity of College Freshmen
1992



Conclusions

College freshmen concerns about affordability of their higher educations were greater in 1992 than they have been at any time in the last 27 years. Similarly, fewer freshmen expressed no concerns about financing their educations than at any time in the history of the freshman survey. These affordability concerns were shared by freshmen across institutions of all types, public or private.

To an extraordinary degree these concerns are related directly to the family income backgrounds of college freshmen. College freshmen from the lowest income backgrounds express greatest concern about affordability, and they view the role of low tuition and institutional financial aid offers as most important in their college choice decisions.

Demograf . . .

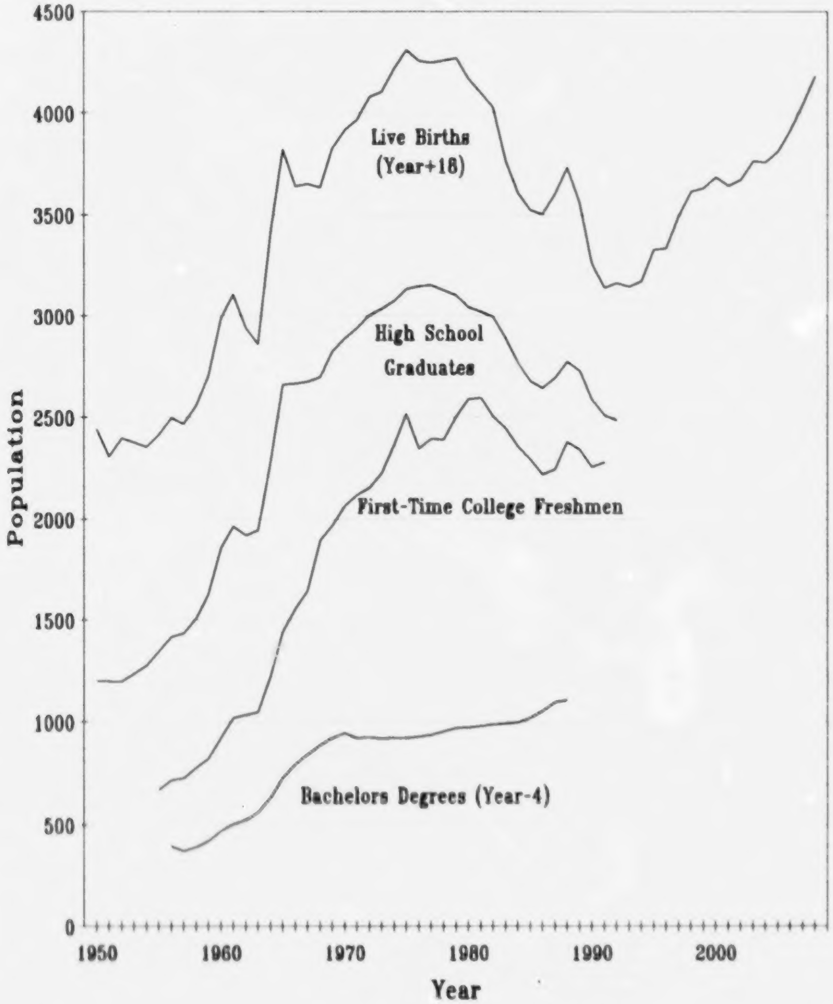
Demographics of U.S. Higher Education
1950 to 2008

The fundamental demographics of higher education in the United States are quite straightforward. Live births become high school graduates and college freshmen 18 years later, and produce baccalaureate degrees beginning four more years after that. Plotting them as shown in the following chart clarifies these relationships.

These same relationships exist for any geographic region, be it state, region, or country, or for any classification of the population, such as by gender or race/ethnicity. Of course migration, mortality, attrition, participation rates, and other factors influence specific plots. But so too does public policy influence such factors as high school graduation, college continuation, and college completion.

*Future issues of **OPPORTUNITY** will provide more specific versions of this chart for specific populations groups whose postsecondary education opportunities are reported on.*

Basic Demographics of U.S. Higher Education
1950 to 2008



Responses to recession . . . *. . . and reauthorization*

State Grant Agency Reports for 1992-93 and Plans for 1993-94

The annual survey of state grant programs conducted by the National Association of State Scholarship and Grant Programs asks state agencies how they coped with issues affecting programs they administer for the 1992-93 and 1993-94 academic years. We report their comments provided by the states here to reflect the diversity of circumstances faced by the states, as well as circumstances common to all states, such as the economic recession and federal reauthorization.

Alabama: 1992-93: The two new programs--the Appalachian Youth Scholarship Program and the Paul Douglas Teachers Scholarship Program--receive no state funding. All state-funded programs were essentially level funded, except the Alabama Student Grant Program, which is a tuition differential grant program for students at certain private, non-profit Alabama colleges. This program received an 11.8 percent increase. 1993-94: We will probably revise the Alabama Student Assistance Program distribution formula so that graduate school enrollment is eliminated from the institutional award calculation.

Alaska: 1992-93: As in 1991-92, the long-term revenue forecasts have led to reductions in state funding of student aid programs.

California: 1992-93: California's 1992-93 budget includes the most severe reductions in funding for higher education in the state's history. Student fees were increased by 24 to 40 percent, while funding for colleges and financial aid was cut by $500 million. Funding for state grants fell by $44 million, and all grants to students were reduced by 15 percent.

Colorado: 1993-94: We have made the Colorado Nursing Grant a campus-based program, leaving the Paul Douglas Teacher Scholarship as the only program whose recipients are chosen directly by our agency.

Connecticut: 1992-93: Connecticut continues to distribute state financial aid in the following manner: 60 percent to Connecticut independent colleges; 30 percent to Connecticut public colleges; and 10 percent distributed through a centrally-administered need-based program that uses academic criteria.

Florida: 1992-93: The economic recession forced us to reduce the amount of awards in all state-financed student aid programs. 1993-94:Legislation was passed in 1992 to consolidate some of the current programs in 1993. This should simplify the student application and award process.

Georgia: 1992-93: To make up for reductions in prior years, we increased the award amount from the Tuition Equalization Grant from $794 in 1991-92 to $1000 in 1992-93.

Illinois: 1992-93: A reduction in state revenues led to a 3 percent recision in 1991-92. Funding for 1992-93 for many state agencies was reduced even further. IN FY1993 the MAP program received some additional funding to cover tuition increases at public universities and community colleges. Higher education institutions received level General Revenue funding, minus funds necessary to cover tuition increases in the MAP Program. 1993-94:Increased application volume, combined with higher college costs and the new federal need analysis methodology, will put tremendous financial pressure on the MAP Program. Additional rationing mechanisms and higher eligibility requirements will be necessary to target limited grant funds to the most needy students.

Indiana: 1993-94: Only those changes needed to comply with the federal Reauthorization.

Iowa: 1992-93: Increased enrollment in our two-year public colleges is causing an increase in demand for grant awards. State funding has not kept pace with this rising demand. 1993-94: State funding continues to be very tight. The new federal need analysis methodology will place added stress on the limited state funds. This may mean that some grant renewal applications will not receive awards due to the higher need of the applicants.

Kentucky: 1992-93: We have merged the SSIG Program with the CAP Program. We plan to use federal SSIG allocations to match CAP Grants. 1993-94: The application process will change due to the new federal need analysis provisions. We want to ensure that the neediest students receive our limited grant funds.

Louisiana: 1992-93: For 1992-93, Louisiana has implemented the Louisiana Honors Scholarship, a tuition waiver granted to the top 5 percent of Louisiana's high school graduates who will attend a public or private college or university. The State Legislature also made changes to the Louisiana Tuition Assistance Program method of determining financial need. 1993-94: Rather than contracting with one MDE processor to produce a combined state and federal application for 1993-94, Louisiana will use extractions of information from the federal processor for any federal student aid applications and generate state questions to be answered by an automated voice-response system.

Maine: 1992-93: A small proportion of the state funding for MSISP awards was set aside for undergraduate part-time students. The award for eligible students is equal to one-half the amount of a full-time award at public or private institutions. We expect the majority of recipients will be non-traditional students.

Maryland: 1992-93: The program funding levels reported for the Senatorial and Delegate programs include FY 1992 levels that were carried forward. Also, because Maryland is experiencing severe budget problems, student aid funds may be reduced.

Massachusetts: 1992-93: FY1993 funding for our largest grant program increased by nearly $10 million. This additional funding allowed us to increase the number of students who received awards and the amount of awards. FY1993 also provided for the expansion of student loans through the No Interest Loan Program, and a new loan for middle-income students called the Massachusetts Plan Program. 1993-94: We hope to continue to restore funding to our grant program. We also anticipate that we will need to change our award schedule and methodology to conform to the new federal need analysis guidelines.

Michigan: 1993-94: Applicants for the Competitive Scholarship and the Tuition Grant Programs will use the Free Application for Federal Student Aid. The ACT or CSS application will not be required.

Minnesota: 1993-94: Beginning in the 1992-93 academic year, the state grant definition of full-time student will change from 12 credits per term to 15. In 1993-94, part-time grants will be eliminated, and state grants will cover 3 or more credits per term. A separate state aid application will be added to the FAFSA. The formula used to determine financial eligibility may also change due to the new federal need analysis requirements.

Mississippi: 1993-94: We will participate in the SREB Minority Doctoral Fellowship Program on a limited basis ($50,000 for 5 students) and will accelerate teacher education programs.

Missouri: 1992-93: Currently, we are able to provide funds to only one-quarter of all eligible applicants. 1993-94: The Missouri Higher Education Academic Scholarship Program statute may be amended to include students without a high school diploma.

Nevada: 1992-93: The Nevada Student Incentive Grant Program is the only student aid program administered by the state. Since 1988, the state's Guaranteed Student Loan Program has been administered by the Arizona Educational Loan Program.

New Jersey: 1992-93: Applications for need-based Tuition Aid Grants increased by 18 percent in 1992-93. Over the last two years, applications have increased by 50 percent. Despite increased program appropriations, award values were reduced by $80 per student in order to meet the higher demand. 1993-94: We are beginning to analyze the effect of the changes in the federal need analysis and delivery system. Changes in the state's need analysis methodology will be made to conform to the federal guidelines. We are also analyzing the effects of the reductions in the number of types of data elements reported on the federal aid application.

New York: 1992-93: Because of the state's continuing fiscal crisis, reductions in awards enacted in 1991-92 continued for 1992-93. A planned increase in awards for first-time recipients in 1992-93 was also reduced. Scholarship and fellowship programs for students entering the teaching profession in shortage fields was eliminated. However, total program costs rose by 10 percent, due to increased TAP awards for first-time recipients. 1993-94: Due to the current economic situation, it is unclear what will occur in 1993-94. If the state and national economies improve, some program cuts may be restored. However, if there is no improvement, the cuts may continue, or additional cuts will be made.

North Carolina: 1993-94: We will attempt to adjust to federal delivery mandates without disrupting the present system or distorting the purposes of our programs.

Ohio: 1993-94: The Ohio Financial Aid Study Commission has proposed that, in either 1993 or 1994, all programs currently administered by the Board of Regents be transferred to the Ohio Loan Commission, which would be reconstituted as the Ohio Student Financial Aid Commission. Legislative action is expected in either late 1992 or by June 30, 1993.

Oregon: 1993-94: Because of falling state revenues, the Governor has directed all state agencies to reduce their expenditures by 30 percent in their 1993-95 biennial budget requests. If our request is confirmed by the Governor and legislature, all programs will be eliminated except the Oregon Need Grants, which would be reduced by 6 percent.

Pennsylvania: 1992-93: The program continues to receive strong support from the Governor and General Assembly, which provided a 10 percent increase in funding for 1992-93. 1993-94: Staff is currently assessing the effects of delivery system changes mandated by Reauthorization on the application process and overall state grant operations.

Rhode island: 1992-93: Our program is not an entitlement. Therefore, our budget appropriations may not be large enough to provide awards to all eligible students. 1993-94: Due to changes made in the layout of financial aid applications (separate free forms and supplemental forms), we are considering using the free federal form and eliminating the supplemental information and fee charged to students.

South Carolina: 1992-93: Because of state budget difficulties, grant funds were reduced by $1.2 million in 1991-92. All grants had to be reduced by 5 percent. Although $334,692 of the reduction was restored for 1992-93, $200,000 was non-recurring (one-time only) dollars. Since passage of the 1992-93 budget, a projected shortfall has resulted in a $122,044 reduction in the funding level. 1993-94: Due to decreases in program appropriations and increases in college costs over the last several years, the number of eligible students who did not receive awards increased to over 2,400 in 1992-93. Because of this trend, the South Carolina Tuition Grants Commission has decided to use available program dollars to fund all eligible applicants applying through June 30, 1993, and for the 1993-94 award year. Since no new funding is expected, and an additional 2,500 to 3,000 awards will be made, the size of current year awards will be reduced by 25 percent to implement this change.

Tennessee: 1993-94: Because Reauthorization created a new application for the state grant programs, we will make several major modifications to our computer systems.

Texas: 1992-93: No significant changes from last year.

Utah: 1992-93: $134,400 in additional state funding was appropriated in 1992-93 to provide for increased matching requirements in SSIG, SEOG, and College Work-Study Programs. Although other requests were made, the Legislature provided no other increases in funding for student aid programs. 1993-94: We are requesting an additional $700,000 for the 1993-94 academic year to cover the increased matching requirements of the SSIG, SEOG, and CWS Programs.

Vermont: 1992-93: VSAC is a comprehensive agency that provides career counseling and financial aid information to middle schools, high schools, and adult students. VSAC also operates the state grant programs for full-time, part-time, and non-degree students, serves as a loan guarantor for Vermont students and institutions, and provides loan capital through the Education Loan Financing Program. 1993-94: There are no significant changes planned, although the state's continuing fiscal problems will most likely result in reduced funding.

Virginia: 1993-94: We will consolidate the Virginia Department of Education's financial aid programs with the Council's.

Washington: 1992-93: As a result of a year-long debate on the distribution of grant dollars between public and private sectors, the Higher Education Coordinating Board acted to reduce the amount of grants to private institutions. The Board reduced the amount of private colleges' cost of attendance used in calculating cost-sensitive awards to students eligible for State Need Grants. 1993-94: The agency is considering changes in the need analysis methodology used to determine award eligibility for State Need Grants. The changes would require that eligible students be identified through an income look-up chart, rather than a recalculation through the federal methodology.

West Virginia: 1992-93: Once again, there was no increase in funding for grants. Thus, fewer students received awards. This has occurred every year since 1986-87. Unless there is a major increase in state funding or a reduction in the size of awards, this trend will continue. 1993-94: We may begin to assess potential changes in the way awards are distributed. Any changes in need analysis formula could begin in 1993-94. We may also assess changes in the financial aid applications.

Wisconsin: 1992-93: Because the state budget is not finalized until late June of every other year, we must determine award allocations based on anticipated appropriations. Thus, award amounts may have to be adjusted after they have been offered to students. Our appropriation is not large enough to provide awards to all eligible applicants. 1993-94: Because of increased fiscal constraints, all agencies are limited to a 2.5 percent increase in spending during the 1993-95 biennium. Therefore, appropriations for all state student aid programs are restricted to a 2.5 percent increase.

* * * * *

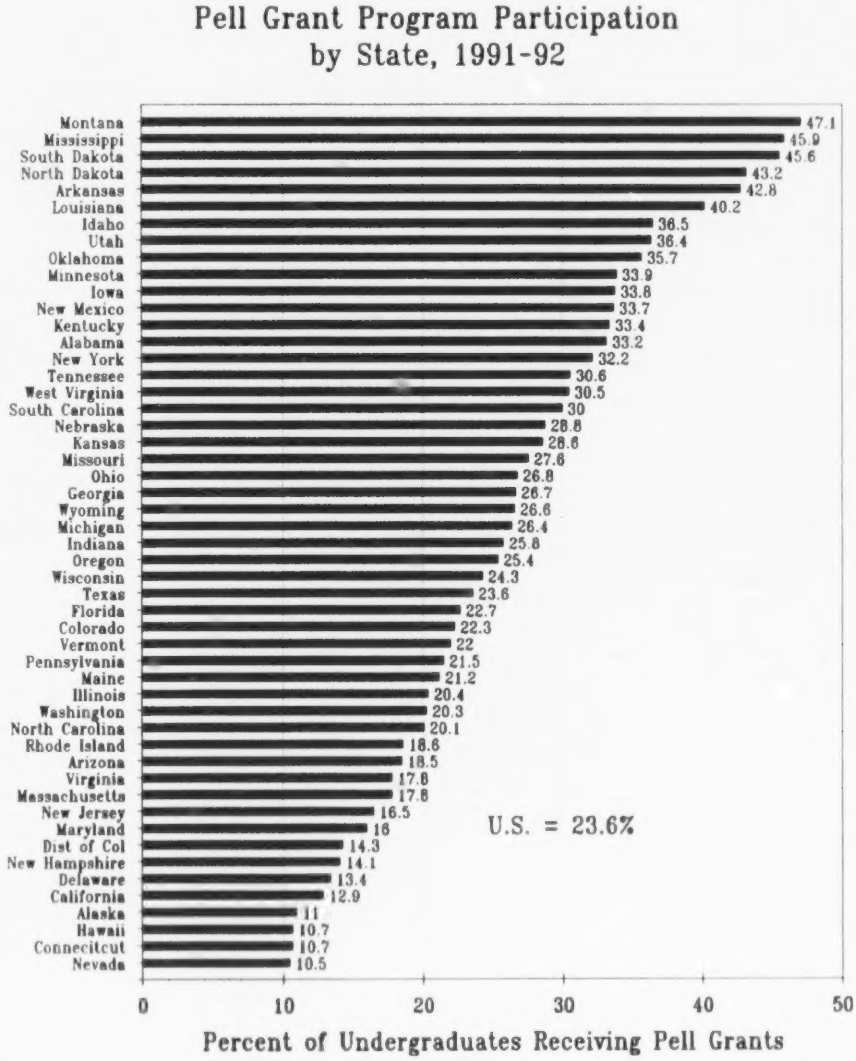
The annual survey of state grant agencies is conducted by the Pennsylvania Higher Education Assistance Agency. Copies of the complete survey are available for $5.00 from PHEAA. Contact:

Dr. Jerry Davis, Vice President
Research and Policy Analysis
Pennsylvania Higher Education Assistance Agency
660 Boas Street
Harrisburg, PA 17102-1398
or call: (717) 257-2794.

Pell Grant Program Participation, 1991-92

The U.S. Department of Education's Office of Postsecondary Education has just released its **Pell Grant End-of-Year Report, 1991-92**, *prepared by NCS of Iowa City and Arlington, VA. This report includes, among many items, information on Pell Grant program participation by higher education institutions in the states.*

For 1991-92, the ranking of states according to the proportion of higher education undergraduates receiving Pell Grants was nearly identical to the ranking for 1990-91. This ranking was just reported in the May issue of ***OPPORTUNITY****. We update this for 1991-92 here.*


Pell Grant Program Participation by State, 1991-92

Undergraduate Participation by State

We have calculated Pell Grant program participation rates by state for 1991-92 by dividing the number of Pell Grant recipients in public and private non-profit institutions by the reported fall undergraduate headcount enrollment in public and private colleges. The enrollment data are collected in the IPEDS survey, and published in the **Digest of Education Statistics.** Pell recipients in private profit making institutions are excluded from these calculations due to the absence of credible enrollment data.

Between the fall of 1991 and 1992, undergraduate enrollments increased from 11.8 to 12.4 million, or 4.8 percent. During this same period, the number of Pell Grant recipients increased from 2.6 to 2.9 million, or by 13.8 percent. Thus, the proportion of undergraduates in colleges receiving Pell Grants increased from 21.7 percent to 23.6 percent for the United States.

State participation in the Pell Grant Program ranged from a high of 47.1 percent in Montana, to a low of 10.5 percent in Nevada. As was pointed out in the May article in **OPPORTUNITY** on this subject, this very wide range is most closely correlated with per capita personal income by state.

The state rankings vary barely a whit between 1990-91 and 1991-92. Only a few states showed either substantial increases or decreases in Pell Grant Program participation between 1990-91 and 1991-92. These are:

Change in Pell Grant Program Participation, 90-91 to 91-92

Increases:	
South Carolina	+4.6%
Rhode Island	+3.9%
Vermont	+3.8%
New York	+3.7%
Massachusetts	+3.5%
Decreases:	
California	-0.1%
Montana	-0.2%
South Dakota	-1.1%

Participation by Institutional Control

Between 1990 and 1991, public institution undergraduate enrollments increased by 5.5 percent, while the number of Pell Grant recipients increased by 14.3 percent. Thus, the participation rate for public institution undergraduates increased from 21.3 to 23.1 percent.

In private non-profit institutions, undergraduate enrollments increased between 1990 and 1991 by 1.9 percent. The number of Pell Grant recipients increased by 11.7 percent during the same period. As a result the Pell Grant Program participation rate for undergraduates in private non-profit institutions increased from 23.2 percent to 25.5 percent.

Major changes to the Pell Grant Program occur at roughly six year intervals, during the legislative reauthorization process. Because both the 1990-91 and 1991-92 Pell Grant Program years were covered by the 1986 Amendments that reauthorized the Pell Program until 1992, changes in participation rates are more likely due to changing student characteristics rather than program changes made in the appropriations process.

In fact the economic recession effects of layoffs and lack of job openings, coupled with skill upgrade requirements of employers seeking to increase workforce productivity quite likely drove a needier population into higher education in 1991-92 than had enrolled under less dire conditions a year earlier. These effects will be reported in future issues of **OPPORTUNITY** during the coming year.

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Postsecondary Education OPPORTUNITY

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 16 **Iowa City, Iowa** **September 1993**

It Helps to be . . . . . . Born Rich

Family Income Backgrounds Continue to Determine Chances for Baccalaureate Degree in 1992

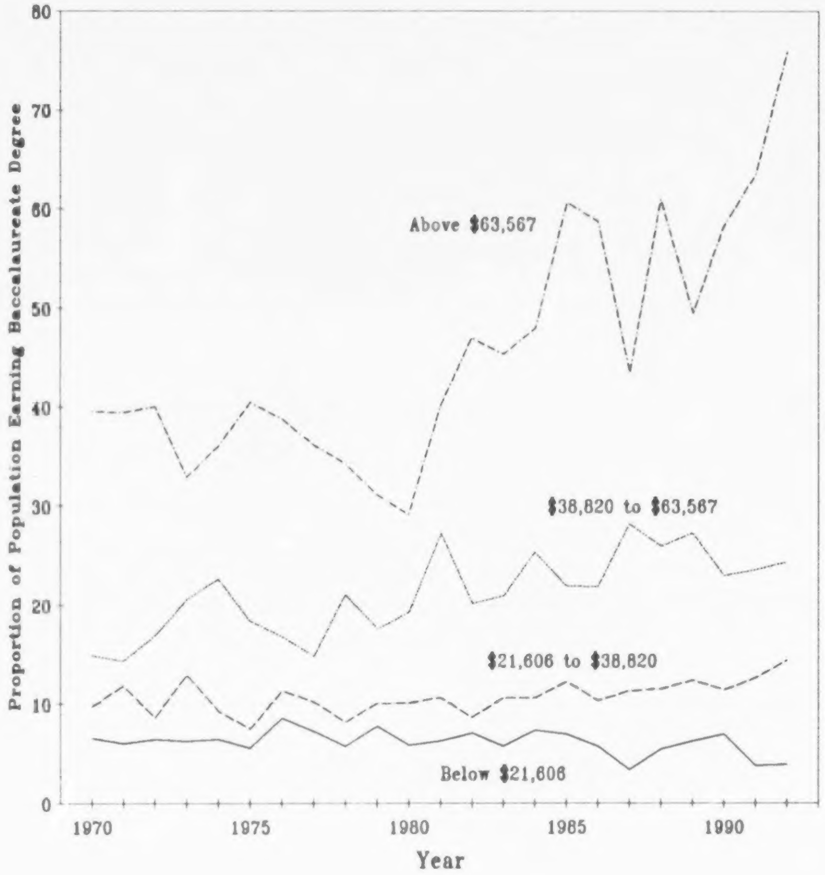
A person's chances for a baccalaureate degree by age 24 remained tied to family income backgrounds of unmarried 18 to 24 year olds in 1992. The most recent data reflect patterns evident every year since the **Census Bureau** *began publishing these data in 1970.*

In 1992 high school graduation rates remained flat and college access improved for high school graduates from all family income levels. Chances for completing four years of college by age 24 improved only for those from the top quartile of family income.

The combined results are shown in the figure to the right. An estimated 4 percent of those from the bottom quartile of family income will earn a bachelor's degree by age 24, compared to 14 percent from the second quartile, 24 percent from the third quartile, and 76 percent from the top quartile.

These and many other too familiar findings are gleaned from unpublished Current Population Survey data collected in October 1992, and to be published by the Census Bureau in a future Current Population Report in the P-20 series. Dr. Robert Kominski, Chief of the Education and Social Stratification Branch of the Census Bureau, shared this pre-publication data following internal data checks performed by the Census Bureau.

Estimated Chances for a Baccalaureate Degree
by Age 24 by Family Income Quartile
1970 to 1992



Family Income

This analysis reports on the flow of unmarried 18 to 24 year olds by family income quartiles in three steps: high school graduation, then college participation for high school graduates, then estimated college completion by age 24 for those who start college.

The quartiles of family income are calculated for the population of unmarried 18 to 24 year old high school graduates. In 1992 there were 12.8 million persons in this group, 92 percent of whom were dependent family members with the balance marital statuses other than married with spouse present.

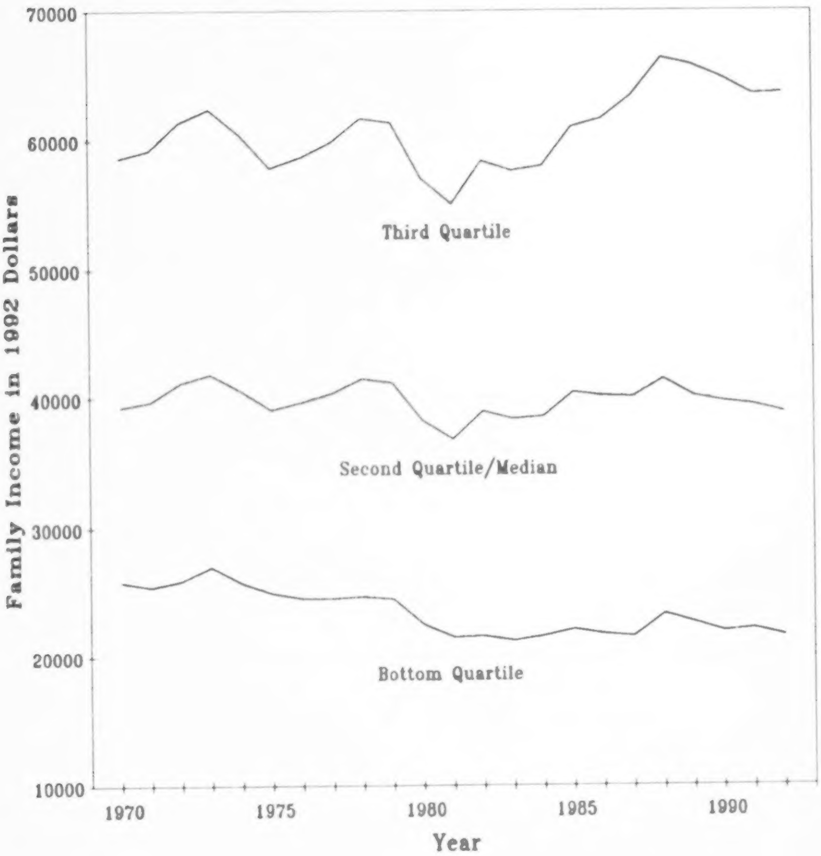
The family income quartiles were defined as follows for 1992:

Q1	Below $21,606
Q2	$21,606 to $38,820
Q3	$38,820 to $63,567
Q4	Above $63,567

That is, a quarter of all unmarried 18 to 24 year old high school graduates came from families earning less than $21,606, and so on. Median family income was $38,820. A quarter of all unmarried 18 to 24 year old high school graduates came from families earning more than $63,567 in 1992.

Over the last two decades there has been a substantial redistribution in family income in the United States. Simply put, the poor have gotten poorer and the rich have gotten richer. The families of 18 to 24 year old high school graduates have been affected by this income redistribution: the bottom two quartiles had lower real incomes (adjusted for the effects of inflation) in 1992 than they had in 1970, and

Family Income Quartile Upper Limits
in Constant 1992 Dollars
1970 to 1992



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Editor and Publisher
Thomas G. Mortenson
Phone (voice/fax): (319) 351-4913
TIN: 470520190

Mission Statement

This newsletter is founded on two fundamental beliefs. First, sound public social policy requires accurate, current, independent, and focused information on the human condition. Second, education is essential to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for all Americans.

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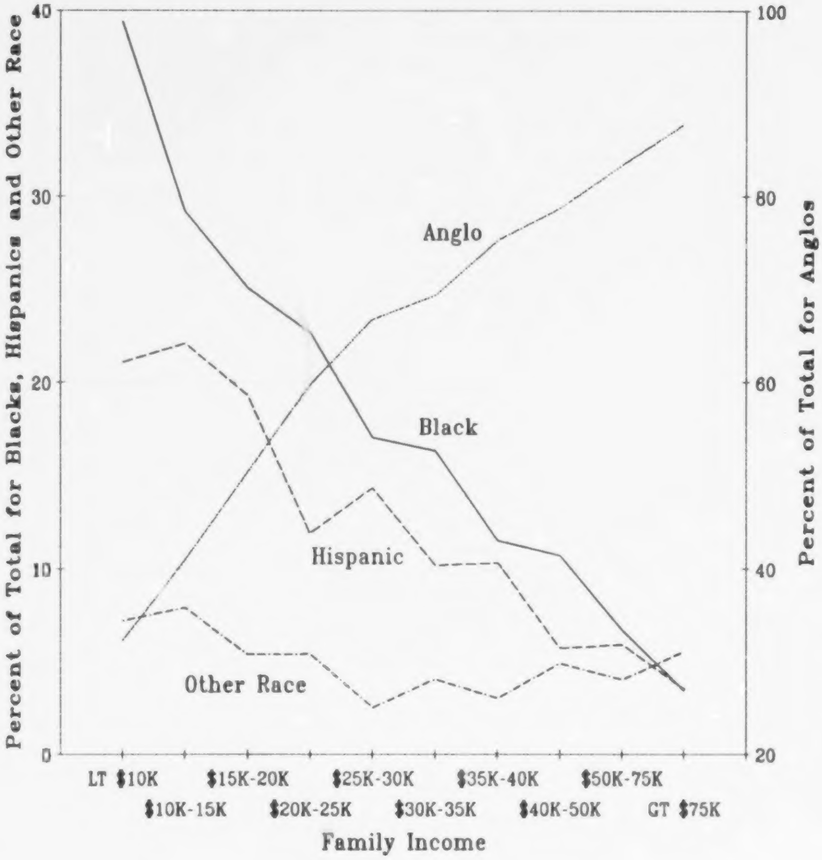
the top two quartiles had higher real incomes. In the bottom quartile, for example, the income cutoff was 84 percent of the 1970 income cutoff in real dollars. In the top quartile, the low boundary income cutoff was 109 percent of the 1970 income level.

Moreover, in 1992 different population groups were not equally distributed across family income levels. For example, blacks were 39.4 percent of the dependent 18 to 24 year olds for families earning less than $10,000, but just 3.4 percent of those from families earning more than $75,000 per year. Hispanics were 21.1 percent of the dependent 18 to 24 year olds from families earning less than $10,000 per year, but 3.5 percent of those from families earning more than $75,000. Anglos (non-Hispanic whites), on the other hand, were 32.3 percent of those from families earning less than $10,000 per year, but 87.6 percent of those from families earning more than $75,000 per year.

These findings are especially significant in light of Congressional reductions in the Pell Grant maximum award for the last two years. These reductions are concentrated on those students who come from lowest family income backgrounds and are least able to absorb any increase in college attendance costs.

Moreover these reductions in the Pell Grant maximum award have extraordinary impacts on those racial/ethnic groups concentrated in the lowest ranges of family income, namely blacks, Hispanics, and those of other race (mainly Asians). The Anglo population is least affected by reductions in the Pell Grant maximum award because a smaller share of this group come from the lowest levels of family income. For example, while 21 percent of the anglo population comes from families earning less than $20,000 per year, 55 percent of the Hispanic population, 60 percent of the black population, and 43 percent of the other race group come from family incomes of less than $20,000 per year.

Distribution of Dependent 18 to 24 Year Olds
by Family Income and Race/Ethnicity
1992



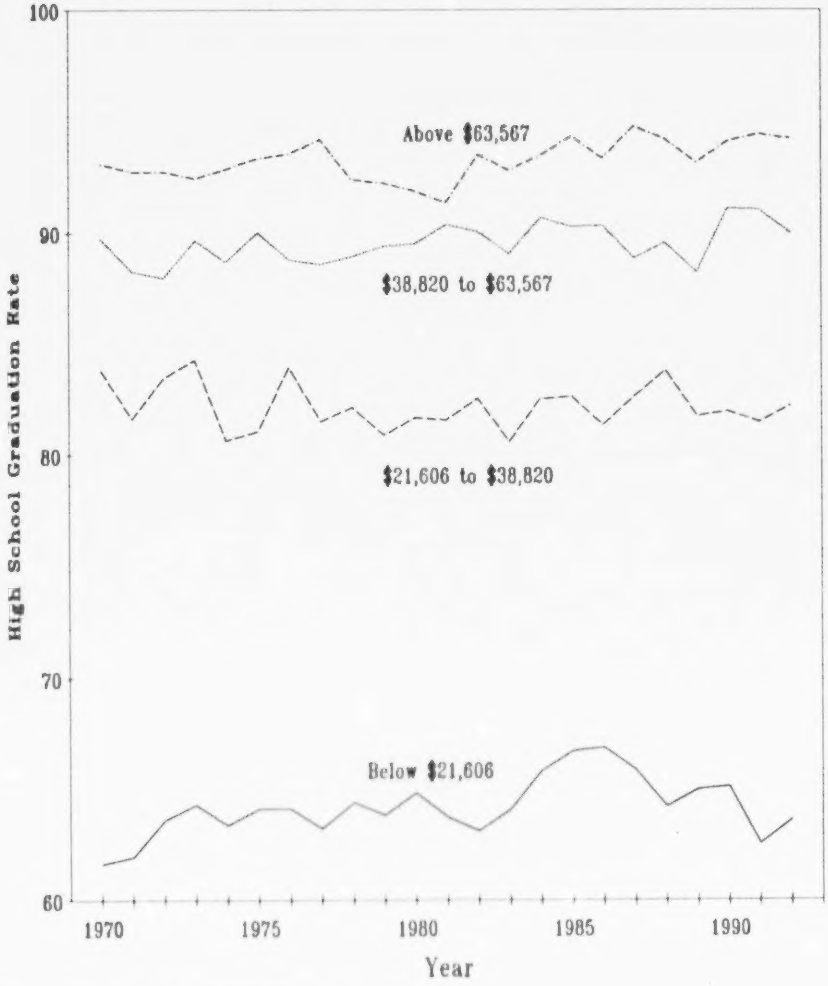
High School Graduation

To attain a baccalaureate degree by age 24, one must first graduate from high school. Here we have calculated high school graduation rates for unmarried 18 to 24 year olds by family income quartiles for each year from 1970 to 1992.

Over all levels of family income, the high school graduation rate among unmarried 18 to 24 year olds was 80.63 percent in 1992, up from 80.45 percent in 1980, and 79.92 percent in 1970. At this rate of increase, it will take 625 years to achieve the national goal of a 90 percent high school graduation rate--a goal the President and nation's governors agreed to reach by the end of this decade.

By quartile of family income, high school graduation rates in 1990 were 63.6 percent among unmarried 18 to 24 year olds in the bottom quartile of family income, 82.2 percent in the second quartile, 90.0 percent in the third quartile, and 94.2 percent in the top quartile of family income.

High School Graduation Rates by Family Income Quartiles
for Unmarried 18 to 24 Year Olds
1970 to 1992



Source: Current Population Survey, Series P-20.

The striking feature of the above chart is the almost total lack of change in high school graduation rates across quartiles of family income between 1970 and 1992:

- In the top quartile of family income, above $63,567 in 1992, high school graduation rates increased from an average of 92.8 percent in the first five years of the 1970s to an average of 94.0 percent for the last five years.
- In the third quartile, between $38,820 and $63,567 of family income, the high school graduation rate increased from an average of 88.9 percent between 1970 and 1974 to an average of 90.0 percent for the last five years.
- In the second quartile, between $21,606 and $38,820, the rate averaged 82.7 percent between 1970 and 1974, and declined to an average of 82.2 percent between 1988 and 1992.
- In the bottom quartile, with family incomes below $21,606, the high school graduation rate clearly increased between 1970 and 1986, from 61.6 to 66.9 percent, but has dropped sharply since then. By 1992 the high school graduation rate had dropped back to where it was in 1972--63.6 percent.

At the first of the three hurdles along the trail to a baccalaureate degree, unmarried 18 to 24 year olds are suddenly and sharply sorted according to their family income backgrounds. Those from lowest family income backgrounds fall far behind those from middle income backgrounds, who in turn fall behind those from the top quartile of family income. Moreover, despite political posturing by Presidents Reagan and Bush and the governors of the states, there has been utterly inadequate progress toward the announced national goal of a 90 percent high school graduation rate by the year 2000.

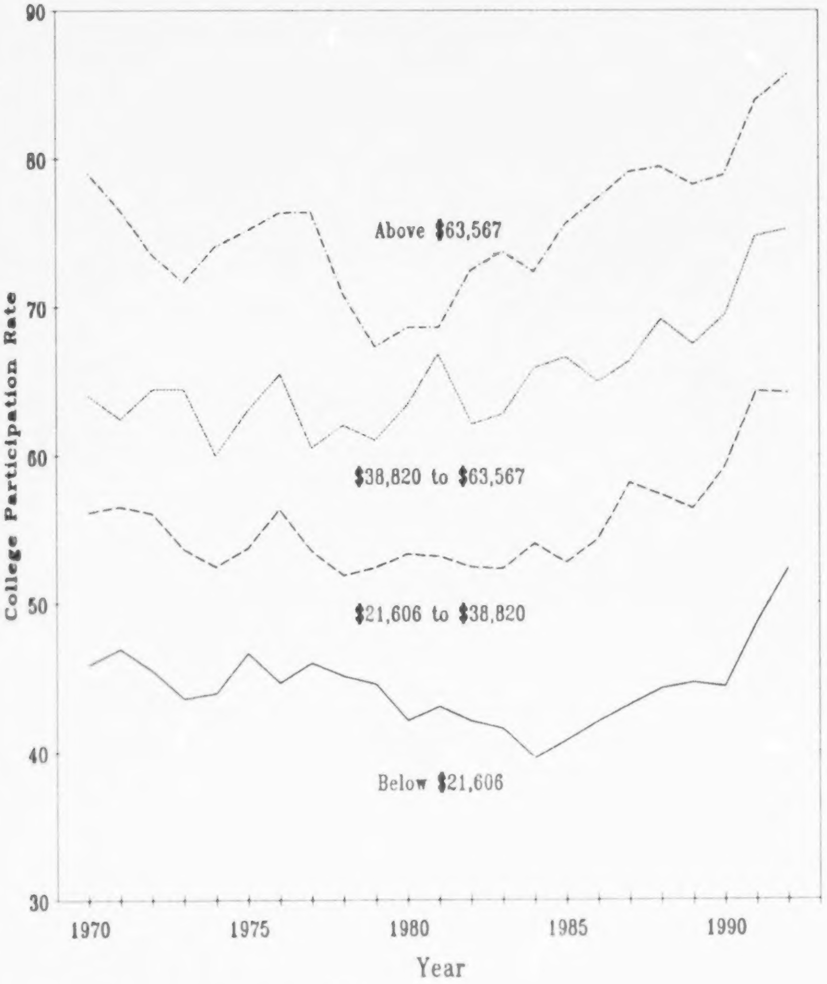
College Participation

Among unmarried 18 to 24 year olds, the Census Bureau collects data on three forms of college participation. To be counted, one may be either enrolled in college, or no longer be in college and have completed less than a bachelor's degree, or no longer be in college and have completed a bachelor's degree. Other current enrollment data are collected on full-time/part-time, public/private college, and two-year/four-year.

College participation rates for unmarried 18 to 24 year old *high school graduates* by quartile of family income are shown in the following chart for each year between 1970 and 1992. The pattern of wide disparities between high school graduates from the four family income quartiles for high school graduates continues here. High school graduates from the lowest quartile of family income are least likely to participate in higher education during the years between 18 and 24. Those from the top family income quartile are most likely to enroll in college. Thus, the disparities in educational attainment established at high school graduation are *magnified* in subsequent enrollment in higher education.

In 1992 85.6 percent of the unmarried 18 to 24 year old *high school graduates* from the top quartile of family income were either currently enrolled or had been enrolled in college. This compares to 75.2 percent of those from the third quartile of family income, 64.2 percent of those from the second quartile, and 52.3 percent of those from the bottom family income quartile.

College Participation Rates by Family Income Quartiles
for Unmarried 18 to 24 Year Old High School Graduates
1970 to 1992



Source: Current Population Survey, Series P-20.

For all income groups, the 1992 college participation rates were higher than they had been any time during the last 23 years reported by the Census Bureau. Clearly this is driven in part by the absence of attractive alternatives to college: military downsizing and the loss of manufacturing jobs, for example. As young people seek paths to a decent standard of living, the loss of alternatives to higher education make college more attractive than before. These changes also make programs that foster and broaden opportunity for higher education more important than they have been in the past when attractive alternatives existed for young people planning their lives.

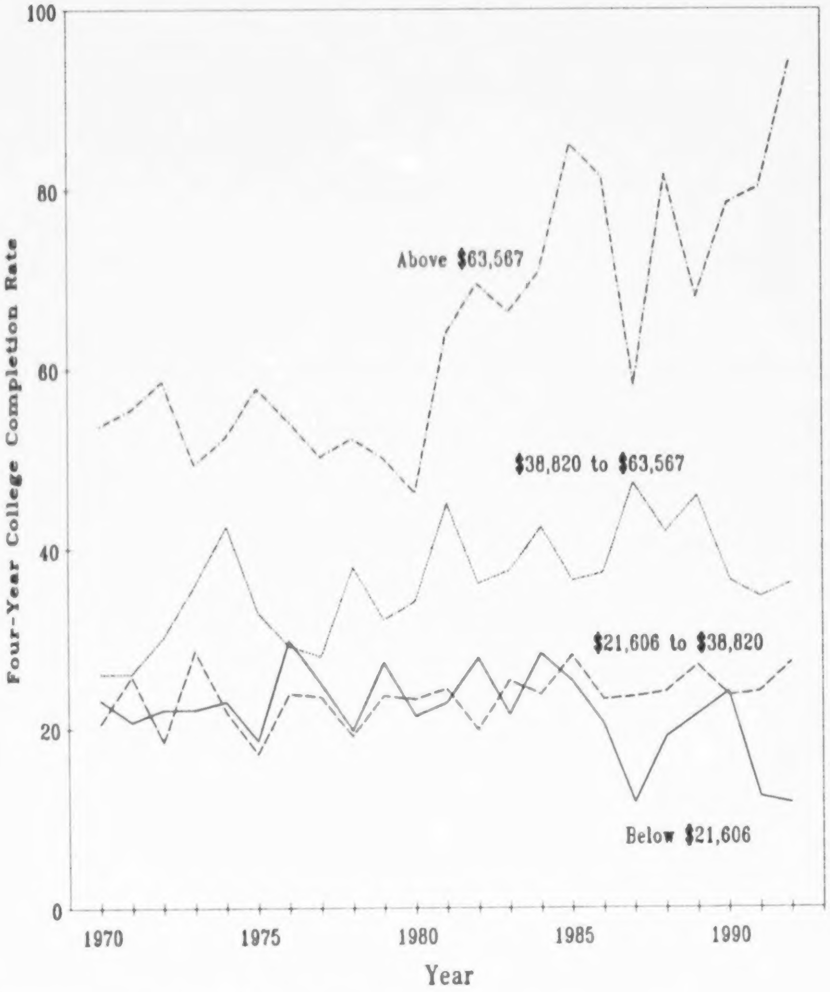
Many other findings have been gleaned from the 1992 Current Population Survey. They include:

- In 1992 87 percent of the dependent 18 to 24 year olds enrolled in college were enrolled full-time. While this percentage fluctuated somewhat across income levels, there was no trend across incomes. For example, 90.8 percent of those from family incomes below $10,000 were enrolled full-time, compared to 90.4 percent of those from families earning more than $75,000.
- Public colleges enrolled 79 percent of all dependent 18 to 24 year olds that were in college in 1992. This share varied with income, from a high of 88 percent of dependents from families earning $10,000 to $15,000, to a low of 69 percent of those from families earning more than $75,000. Private colleges enrolled 21 percent of the students: 12 percent of those from families with incomes between $10,000 to $15,000, up to 31 percent of students from families earning more than $75,000.
- Two-year colleges enrolled 29

percent of all dependent 18 to 24 year olds that were enrolled in college in 1992. However, this too was skewed sharply by family income. Two-year colleges enrolled 49 percent of students from families earning less than $10,000, and 17 percent of students from families earning more than $75,000. Similarly, four-year colleges enrolled 51 percent of those from the lowest income group, and 83 percent of those from the highest family income group.

- Among four-year colleges, public institutions enrolled 73 percent of the dependent 18 to 24 year olds. By family income level, publics enrolled their largest share in the $10,000 to $15,000 family income range--85 percent--and their smallest share where family incomes exceeded $75,000--64 percent of the total. In 1992 median family income for dependent 18 to 24 year olds in public four-year institutions was $49,762, compared to $58,013 in private four-year institutions.

Estimated Four-Year College Completion Rates by Age 24 by Family Income Quartiles for Unmarried College Students 1970 to 1992



Source: Current Population Survey and High School and Beyond

Estimated College Completion

Bachelor's degree completion is more difficult to capture than is high school graduation and college participation. The Census Bureau recently changed its definitions of educational attainment as used in the Current Population Survey in recognition of the added years current college students were taking to complete their baccalaureate studies. The National Center for Education Statistic's longitudinal studies--National Longitudinal Study of 1972 and High School and Beyond of 1980--provide better follow-up of individuals, but even these studies cutoff follow-up after six to ten years.

Here we have combined four-year college completion data from the Current Population Survey for 18 to 24 year olds with bachelor's degree attainment by age 24 from the 1980 High School and Beyond data file to estimate four-year college completion rates by age 24 for each year from 1970 through 1992. This estimate is most reliable for the year 1980. For other years this estimate is affected primarily by the extent to which bachelor's degree recipients remain dependent family members after graduation through age 24, and differences in this dependency across family income quartiles since 1980.

Given these qualifications to the estimates, the calculations of four-year college completion rates by age 24 show the usual patterns. Those college students from the top quartile of family income are most likely to complete four years of college by age 24, and those college students from the lowest family income quartile are least likely to complete four years of college by age 24. **These differences are large, persistent, growing, and wider than they have ever been in the twenty-three years of available data.**

Conclusions

At each of the three hurdles along the path to a baccalaureate degree by age 24 educational progression sorts out along lines of family income. One's chance of passing each hurdle is greater with higher levels of family income, and lesser with lower levels of family income.

These differences exist at high school graduation, college participation, and college completion. Their effects multiply at each successive hurdle. Inferior chances times inferior chances times inferior chances yield inferior educational attainment. Superior chances times superior chances times superior chances yield superior educational attainment. Differences at each successive step multiply mathematically.

The result is shown in the chart on the front page of this newsletter. In 1992 an unmarried 18 to 24 year old from the bottom quartile of family income (below $21,606) had about a 4 percent chance of completing four years of college by age 24 because his/her high school graduation rate (63.65 percent) times his/her college participation rate (52.32 percent), times his/her four-year college completion rate by age 24 (11.59 percent) produced an estimated four-year college attainment rate of about 4 percent.

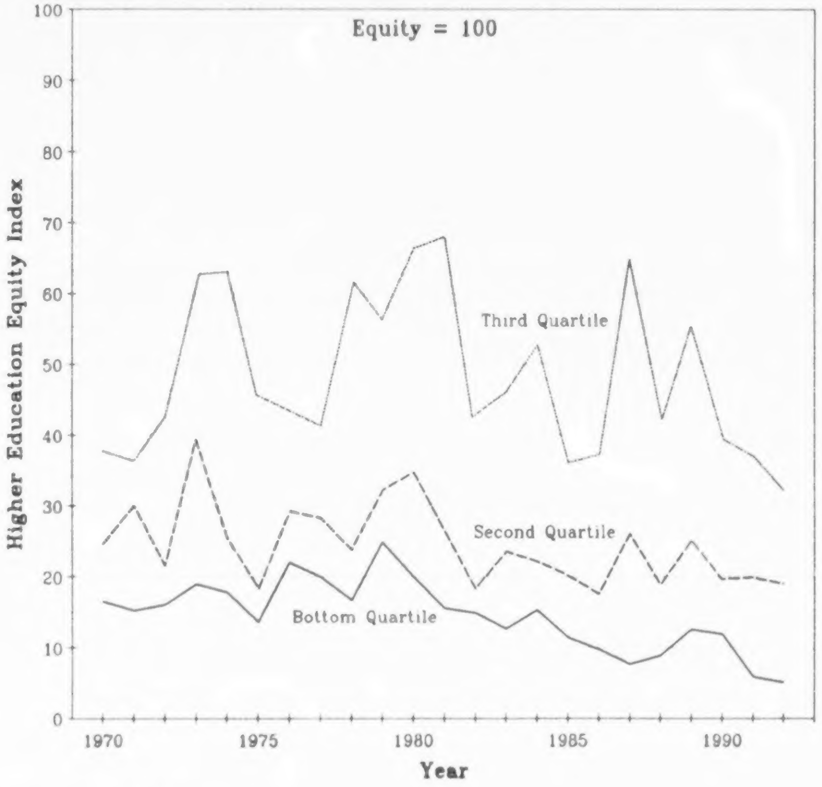
At the other end of the family income scale, an unmarried 18 to 24 year old from the top family income quartile (above $63,567) had about a 76 percent chance of completing four years of college by age 24. This was the mathematical product of his/her high school graduation rate (94.21 percent), times his/her college participation rate (85.66 percent), times his/her estimated four-year college completion rate by age 24 of 94.09 percent.

Clearly, the affluent are doing extraordinarily well. The same cannot be said for individuals from lesser levels of family income. Those from the bottom quartile of family income in particular are faring worse than they have at any time in the twenty-three years of published Current Population Survey data.

We illustrate this point with one final chart: the Higher Education Equity Index (HEEI) for family income levels, constructed from the data in the chart on page 1 of this newsletter. The HEEI is constructed by dividing the estimated four-year college attainment rates for the bottom through third quartiles by the rate for the top quartile for each year of data. The result is the percentage of the first through third quartiles' chances of attaining a bachelor's degree by 24 compared to those in the top quartile.

The results are evident below: equity gains made in the 1970s have been erased in the 1980s and 1990s. Persons from families with incomes in the bottom and third quartiles have lower HEEI's in 1992 than they have had at any time in the last twenty-three years. Persons from families in the second quartile are very close to their all-time low. Trends over time in these data are self-evident.

Higher Education Equity Index
for Family Income Quartiles
1970 to 1992



Oops!

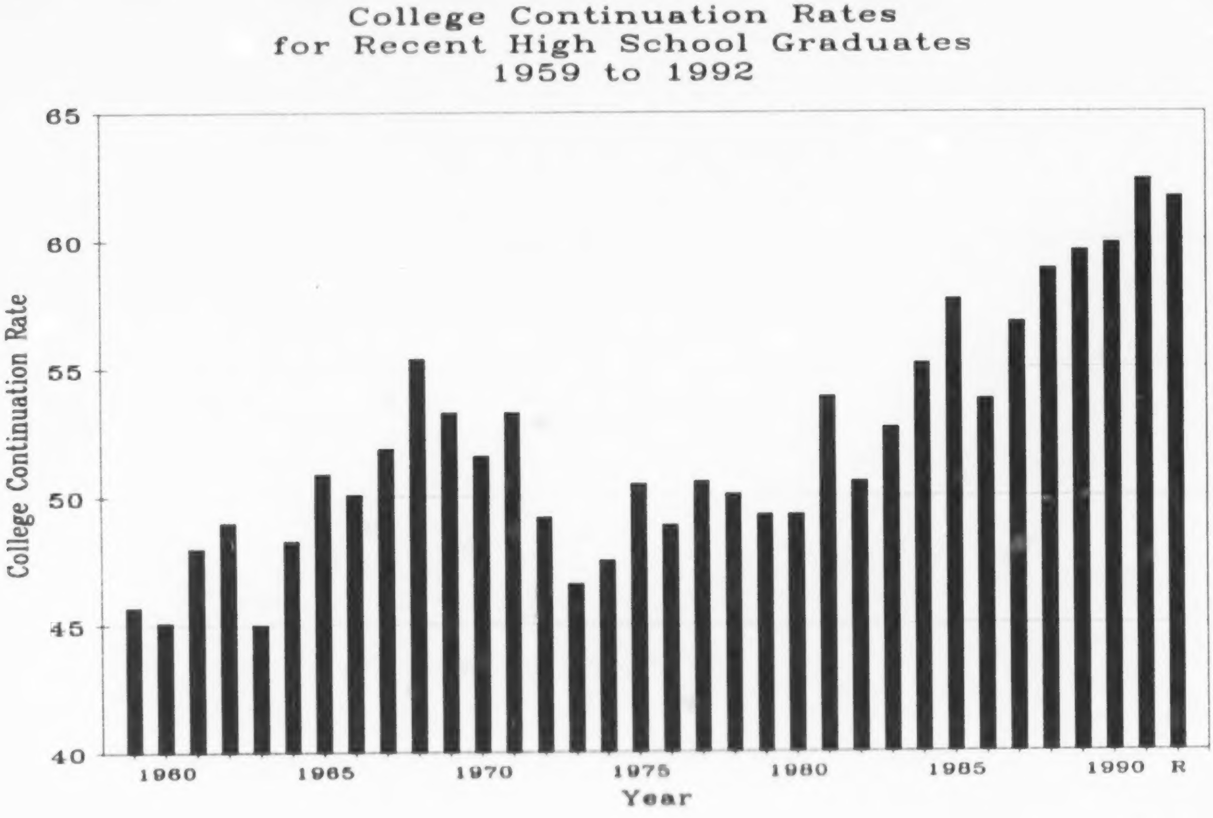
Revised Data on College Continuation for 1992 Issued by Bureau of Labor Statistics

The June issue of OPPORTUNITY reported data on October 1992 college continuation rates for those who had graduated from high school during the previous twelve months. That data was revised and reissued by the Bureau of Labor Statistics three weeks after the June issue was mailed. The data reported for the years 1959 through 1991 remain unchanged.

The revised data for 1992 alter slightly the message carried in this newsletter in June: instead of the college continuation rate ticking upward by 0.3 percent between 1991 and 1992 as previously reported, it actually dipped by 0.7 percent in 1992. The college continuation rate for 1992 was not 62.7 percent as originally reported, but was 61.7 after the revised data were reissued. The revised chart portraying the revised data for 1992 is presented here.

These data are collected by the Census Bureau in the Current Population Survey, then shared with the Bureau of Labor Statistics and the National Center for Education Statistics. The NCES staff caught the error, which led to Census Bureau revision of the data file on which the Bureau of Labor Statistics based its analysis and made its report.

Our update next year will revise the 1992 data in the other charts contained in our June report.



What's it Worth?

The national college freshmen survey conducted each year by UCLA consistently reports that the most important reasons for attending college are economic: to get a better job and to earn more money. In the 1992 freshman survey, 78.5 percent of the freshmen cited this as a very important reason in deciding to attend college, and 73.3 percent said that to make more money was very important. General education and social reasons followed in importance.

So when the Census Bureau recently came out with a report titled ***What's it Worth? Educational Background and Economic Status: Spring 1990*** *we studied the data carefully. Here are a very few of the major findings from the Census Bureau study.*

Years to Obtain Degree

In the 1990 survey 43.2 percent of all adults with a bachelor's degree completed their studies within four years of high school graduation. Another 22.0 percent took five years, 8.7 percent took six years, and 26.0 percent took more than six years following high school graduation to complete their bachelor's degree.

On average both men and women took 6.2 years after high school to complete their degrees. Whites took 6.2 years, blacks took 7.0 years, and Hispanics took 6.6 years. Adults with postbaccalaureate degrees took 5.7 years to obtain their bachelor's degree.

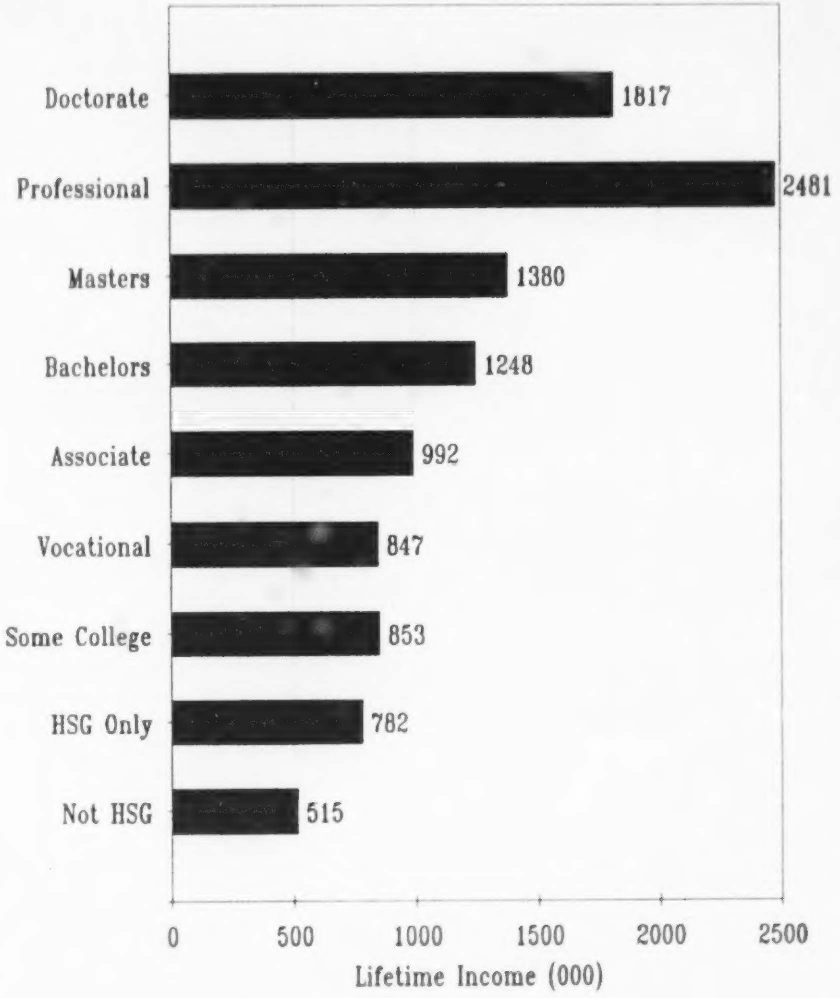
By field of study persons with bachelor's degrees in home economics took the shortest time, 4.7 years, and those in nursing/pharmacy/technical health took the longest at 7.7 years. Among the larger fields, business/management took 6.5 years, education 6.6, engineering 6.8, liberals arts/humanities 6.4, social sciences 6.5, and English/journalism 5.8 years.

Post-baccalaureate training adds many more years to the time spent earning one's final level of education. In *addition* to the years after high school spent earning the bachelor's degree, those with master's degrees had to add an average of 6.5 years of training, 5.1 years for a professional degree, and 9.0 years for a doctorate before the labor market returns could begin.

Lifetime Earnings

Years spent earning postsecondary degrees decrease a person's working lifetime, but add considerably to the lifetime earnings. The chart below

Lifetime Income by Educational Attainment
Both Sexes, 18 Years and Over
1990



Lifetime Income by Educational Attainment by Gender and Race/Ethnicity, 1990

Educational Attainment	Working Years	Monthly Income	Lifetime Income	Premium Over HSG
Male, 18 Years and Over				
Doctorate	33.93	$4,915	$2,001,000	$934,000
Professional	37.06	6,367	2,832,000	1,764,000
Masters	36.51	3,748	1,642,000	575,000
Bachelors	41.77	3,235	1,622,000	554,000
Associate	44.00	2,380	1,257,000	189,000
Vocational	45.00	2,085	1,126,000	59,000
Some College	46.00	2,002	1,105,000	38,000
HSG Only	48.00	1,863	1,067,000	0
Not HSG	50.00	1,166	700,000	-368,000
Female, 18 Years and Over				
Doctorate	31.05	$3,162	$1,178,000	$635,000
Professional	37.68	3,070	1,388,000	845,000
Masters	35.05	2,614	1,099,000	556,000
Bachelors	41.81	1,698	852,000	309,000
Associate	44.00	1,425	752,000	209,000
Vocational	45.00	1,290	697,000	153,000
Some College	46.00	1,115	615,000	72,000
HSG Only	48.00	943	543,000	0
Not HSG	50.00	579	347,000	-196,000
White, 18 Years and Over				
Doctorate	32.85	$4,679	$1,844,000	$1,035,000
Professional	36.75	5,611	2,474,000	1,665,000
Masters	35.35	3,248	1,378,000	569,000
Bachelors	41.82	2,552	1,281,000	471,000
Associate	44.00	1,920	1,014,000	204,000
Vocational	45.00	1,593	860,000	51,000
Some College	46.00	1,595	880,000	71,000
HSG Only	48.00	1,405	909,000	0
Not HSG	50.00	909	545,000	-264,000
Black, 18 Years and Over				
Doctorate				
Professional				
Masters	34.52	$2,786	$1,154,000	$573,000
Bachelors	40.99	2,002	985,000	404,000
Associate	44.00	1,595	842,000	261,000
Vocational	45.00	1,170	632,000	51,000
Some College	46.00	1,204	665,000	83,000
HSG Only	48.00	1,009	581,000	0
Not HSG	50.00	652	391,000	-190,000
Hispanic, 18 Years and Over				
Doctorate				
Professional				
Masters	35.05	$2,840	$1,196,000	$562,000
Bachelors	41.81	1,895	942,000	313,000
Associate	44.00	1,549	818,000	189,000
Vocational	45.00	1,314	710,000	81,000
Some College	46.00	1,298	716,000	88,000
HSG Only	48.00	1,092	629,000	0
Not HSG	50.00	760	456,000	-173,000

summarizes these lifetime earnings for both sexes age 18 years and over in 1990. For example a person with a high school diploma alone could expect to earn $782,000 over their working lifetime of 50 years. Another person with a baccalaureate degree could expect to earn $1,248,000 over their working lifetime of about 42 years. A person with a professional degree could expect to earn $2,481,000 over their working lifetime of about 37 years.

U.S. Bureau of the Census. Current Population Reports, Series P70-32. *What's it Worth? Educational Background and Economic Status: Spring 1990.* U.S. Government Printing Office, Washington, DC, 1992.

This chart illustrates the earnings premium added by postsecondary education over a high school education alone. On average, a baccalaureate degree adds $471,000 to one's lifetime earnings over a high school diploma alone.

Alpha Factors

In studies of this postsecondary income premium, researchers often attempt to control for precollegiate advantages some students have before college, such as ability, family and schooling backgrounds, occupation, location in the U.S., etc. In these controlled studies, postsecondary educational attainment accounts for an average of about 79 percent of the earnings differential compared to high school graduates. The remainder is attributed to precollege characteristics.

Such alpha factors are smaller for earlier levels of educational attainment, and increase to about .90 for the graduate level. As Leslie and Brinkman conclude in their book *The Economic Value of Higher Education*:

> The importance of innate and inherent personal advantages to earnings apparently decreases as one advances educationally.

Leslie, L. L., and Brinkman, P. T. (1988). *The Economic Value of Higher Education.* New York: American Council on Education, and MacMillan.

However, not all researchers agree that alpha values are this much less than 1.0. In many occupations the higher education degree is the prerequisite to employment, and background is largely irrelevant to occupational admission. Moreover, higher education itself is the process by which one's potential is converted into economic value. Leslie and Brinkman note that "fairly consistent results are obtained at about a 12 percent addition to college versus high school graduate earnings" when background characteristics are controlled for in research studies.

Earnings by Gender and Race

As the table on the preceding page makes clear, males earn more than females and whites earn more than blacks or Hispanics at the same level of educational attainment. For example, a male with a baccalaureate degree can expect to earn $1.6 million over his working years, compared to $.9 million for a female, $1.3 million for a white, $1.0 million for a black, and $.9 million for Hispanics. These differences are very large, and were found in similar Census Bureau surveys in 1984 and 1987.

Almost none of these differences are attributable to differences in the number of working years. Rather, they derive from differences in average monthly income, which in turn is determined by employment, field of study and occupation, and other factors.

These differences in incomes produce special problems in the design of public policy and programs designed to equalize higher education opportunity. Specifically, while individuals face similar costs of attending college (at least at the same type of college) and are treated similarly in determining eligibility for, level of, and type of student financial aid, they may expect very different investment returns from their college educations because of differences in the lifetime earnings they can expect from higher education.

While males and whites can expect greater lifetime incomes from college than females, blacks, and Hispanics, all face similar costs. As an investment, therefore, college is a better deal for males and whites than it is for females, blacks, and Hispanics.

Summary

Given the lifetime earnings of a high school graduate as an initial base, the 6.2 years required on average to acquire a bachelor's degree add $75,000 per year of study to one's lifetime income. Compared to the cost of acquiring a bachelor's degree, this is a real steal.

Beyond the bachelor's degree, results vary considerably by the advanced degree obtained. Given the lifetime earnings of a bachelor's degree recipient as a new base, the 6.5 years required to obtain a master's degree add $20,000 per year of study to the recipient's lifetime income. A doctorate adds $63,000 per year of study to lifetime income. But the real winner is the professional degree holder: each year of study adds $243,000 to lifetime income.

Washington State Doubles Students Served by State Need Grants

OPPORTUNITY has initiated a survey of the major state student financial aid grant programs to see how governors and legislators addressed the affordability issue for financially needy students in their states. Initial survey results suggest that with important but isolated exceptions, the states treated opportunity programs far better than they did institutions. The next issue of this newsletter will provide a more comprehensive report on state actions. Here we highlight some early survey findings.

Washington's governor and legislature adopted a biennial higher education budget that raised tuition and fee rates in public institutions by more than 26 percent for all categories of students, and increased appropriations for State Need Grants by 123 percent for needy undergraduate students.

Over the fiscal biennium, resident undergraduate tuitions will increase in research universities by 29.0 percent, in regional universities by 26.5 percent, and in community and technical colleges by 29.5 percent. By national comparison, tuition and fees in Washington's public institutions were well below the national average for similar types of institutions for 1992-93.

The new State Need Grant Program will provide grants to 38,000 Washington undergraduates in 1993-94, compared to 19,000 last year. In addition, the average State Need Grant will increase from $1105 to $1289, and the family income cutoff for eligibility will rise from what would have been $11,000 under the old program to $21,000 under the new program this year.

These events in Washington occur against a backdrop of a voter petition to rescind the tax increases adopted to finance Governor Lowry's budget, which will be on the November ballot, and enrollment limits initially imposed in 1981 that deny higher education opportunity to an estimated 85,000 students in Washington public institutions each year.

Most other large state grant programs have received funding for modest increases in students served with modest funding increases to cover application volume increases, cover tuition increases, and in some cases restore previous cuts or increase maximum state grants. Always a few states just don't get it: they raise tuitions and cut funding for their state grant programs. *They will be named, here, in future issues of OPPORTUNITY.*

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Postsecondary Education OPPORTUNITY

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 17 **Iowa City, Iowa** **October 1993**

The launching pad . . . *. . . to life*

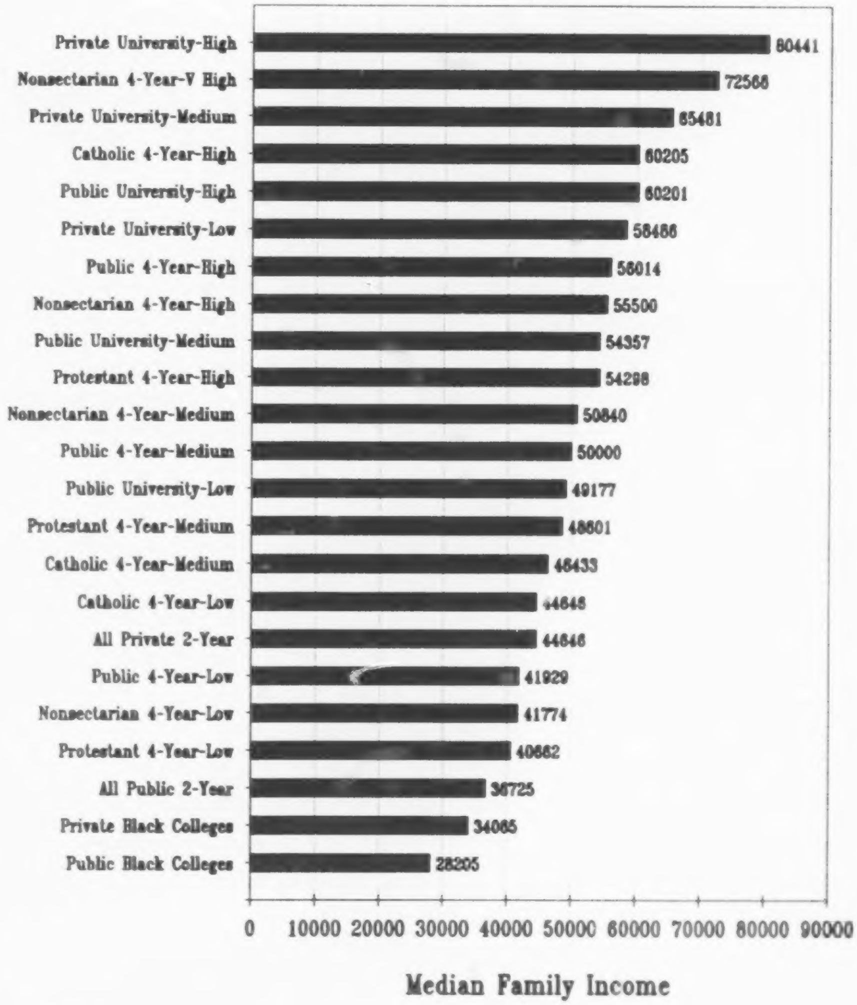
Economic Stratification of Higher Education Enrollments Is Alive and Thriving in 1992

Family income alone is a remarkably good predictor of the type of higher education institution a student is likely to attend, the control of the institution, and its academic selectivity. While these patterns have persisted in American higher education over many years, a few surprising shifts in the family income characteristics of college freshmen enrolled in different types of institutions have occurred over the last 20 some years.

These findings come from our analysis of data collected in UCLA's annual national survey of American college freshmen. The data should not be too surprising to those who work in higher education institutions. But their significance should not be underestimated either: To the extent that higher education launches young people into the adult world, the point of launching itself can determine opportunities not always available to other college graduates.

This report explores data from the UCLA Freshman Survey and the Census Bureau's Current Population Survey to see where students from different family income backgrounds have and are attending college. These data are compared across institutions by type, control, and selectivity to describe patterns and over time to identify trends which are important to public policy.

Median Family Income for First-Time, Full-Time Freshmen By Institutional Control, Type and Academic Selectivity 1992



Median Family Income

In 1992 the median family income reported by first-time, full-time American college freshmen was $44,565. This means that half of all freshmen came from families that earned less than $45,565, and half came from families that earned more.

The college freshmen represented in the UCLA sample are primarily recent high school graduates, and most representative of freshmen entering 4-year colleges and universities. In the fall of 1992 when they had enrolled in college, more than 92 percent of the national sample had graduated from high school in 1992: more than 96 percent in 4-year colleges and universities, and less than 85 percent in 2-year colleges.

When freshmen enrollments are classified by institutional type, control, and selectivity, a very wide range becomes apparent. At one extreme, freshmen attending public predominantly black colleges reported a median family income of $28,200 in 1992. At the other extreme, freshmen attending highly selective private universities reported a median family income of $81,400. Median family incomes fell within this range at other types of institutions.

Each of the four institutional classifications used in the UCLA Freshman Survey helps differentiate the enrolled freshmen along the family income spectrum. These four classifications, and their differentiation contribution are:

- **Predominant race**: Predominantly white institutions report substantially higher family income profiles of their freshmen class than do predominantly black institutions.
- **Control**: Institutions may be public or private, and 4-year colleges may be public, nonsectarian, Protestant, or Catholic. Private institutions usually report somewhat higher median family incomes than do public institutions of the same type.
- **Type**: Institutions may be 2-year, 4-year, or universities. Median family incomes are lowest in 2-year institutions, and highest in universities.
- **Academic selectivity**: For 4-year institutions, institutions are also classified for academic selectivity according to the average SAT or ACT scores of their freshmen classes. Selectivity may be low, medium, high, or for private nonsectarian colleges very high. Median family incomes increase with academic selectivity.

Enrollment Distribution

As this newsletter reported in its previous issue, higher educational opportunity is highly skewed toward the highest levels of family income. Moreover, this skewness has worsened sharply in the 1980s and 1990s from the pattern established in the 1970s.

Because the expressed intent of federal policy toward higher education is to broaden--not narrow--the distribution of higher education opportunity to low and middle-income levels, we examine here the distribution of freshmen enrollments by family income across higher education institutions classified by dominant race, control, type, and academic selectivity. In particular, we look at the proportion of each type of institution's freshmen enrollment that comes from the bottom half of the family income distribution of all college freshmen enrolled. In 1992 the dividing point was $44,565, or the median family income.

Public black colleges and universities had the largest share of their freshmen enrollment from below the median in 1992: 71.0 percent. This was

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Editor and Publisher
Thomas G. Mortenson
Phone (voice/fax): (319) 351-4913
TIN: 470520190

Mission Statement
This newsletter is founded on two fundamental beliefs. First, sound public social policy requires accurate, current, independent, and focused information on the human condition. Second, education is essential to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for all Americans.

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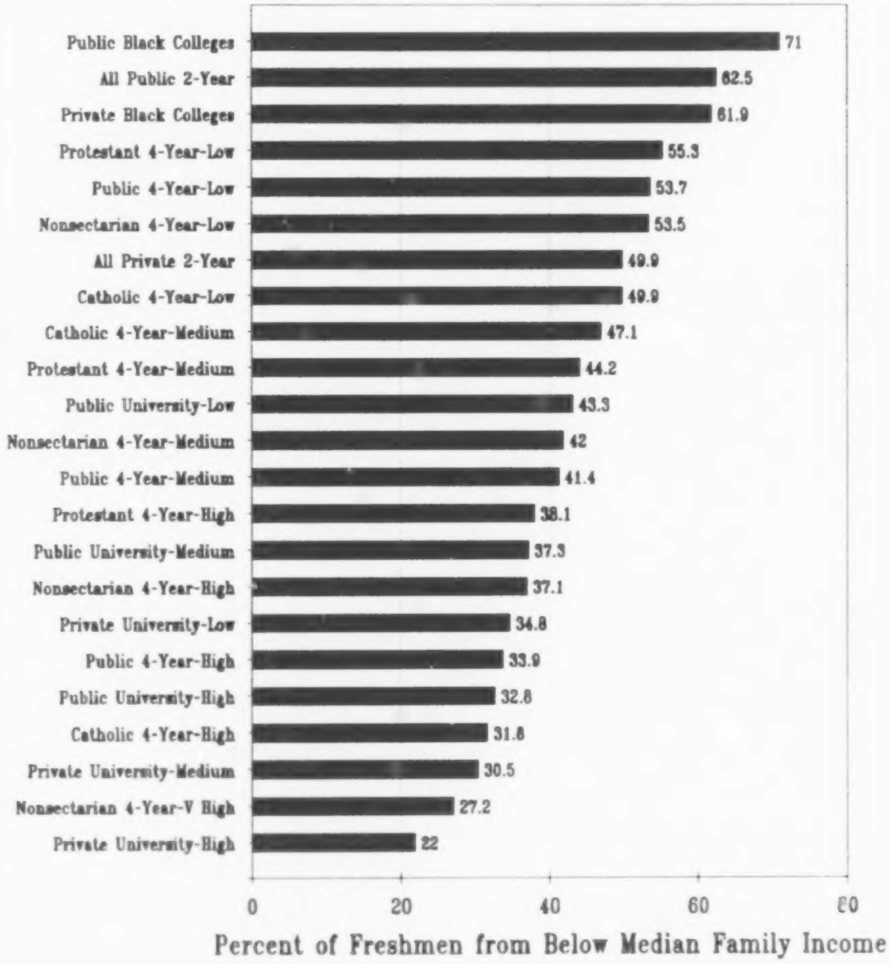


Proportion of First-Time, Full-Time Freshmen Enrollment from Below Median Family Income for All Freshmen ($44,565) By Institutional Control, Type and Academic Selectivity
1992

followed by all public 2-year colleges at 62.5 percent, and private black colleges and universities with 61.9 percent.

At the other extreme, private universities that practiced high academic selectivity in admissions had the smallest share of their freshmen enrollments from below the median family income for all freshmen: 22.0 percent. Also nonsectarian 4-year colleges that practice very high academic selection in admissions had 27.2 percent of their freshmen from the bottom half of the family income distribution of all college freshmen in 1992.

Enrollment Redistribution

As interesting as is the distribution of freshmen enrollments by family income across different types of institutions, more significant for public policy is their *re*distribution over time. As the many environments in which institutions operate change, so to do the institutions themselves--some more than others, and not always in the same direction.

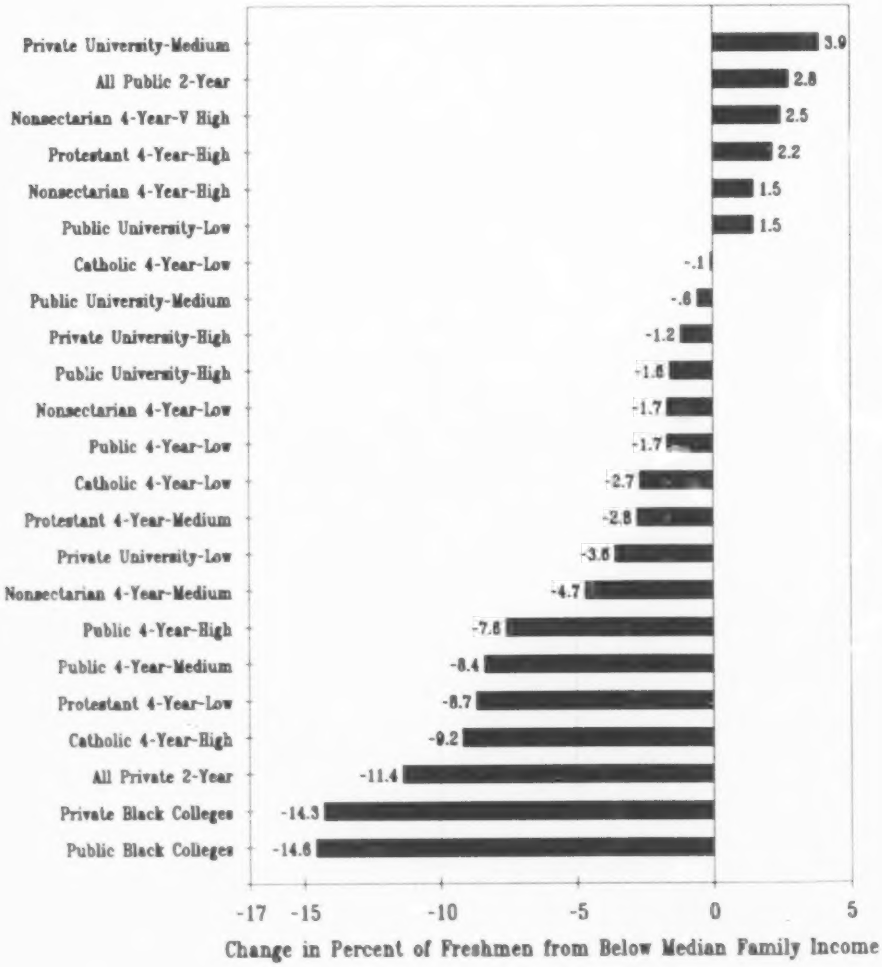
Here we examine the redistribution of freshmen enrollments by institutional types. In particular we note the change in the proportion of enrollments from the bottom half of the family income distribution for each type of higher education institution between 1978 and 1992.

We have chosen 1978 mainly because it falls near the middle of the "golden years" of student financial aid--between 1975 and 1979--when federal student financial aid programs were designed, funded, and performing most effectively to broaden higher education opportunity.

Black colleges and universities--both public and private--saw the largest drop in the proportion of their enrollments from the bottom half of the family income distribution between 1978 and 1992--about 14 percent. This means that about 14 percent of the students from the bottom half of the family income distribution were replaced by students from the top half of the family income distribution. Despite these changes, predominantly black institutions still were among the most likely to have enrolled students from the bottom half of the family income distribution in 1992, only somewhat less so than they had in 1978.

All public 4-year colleges and universities also reduced the proportion of their freshmen enrollments from the bottom half of the family income distribution (and replaced them with freshmen from the top half of the family income distribution) between 1978 and 1992.

Change in Proportion of Freshmen Enrollment
from Below Median Family Income for Freshmen
By Institutional Control, Type and Academic Selectivity
Between 1978 and 1992



Public 4-year colleges were more likely to have displaced students from the bottom half with students from the top half during this period than were public universities.

While 17 types of higher education institutions replaced lower income students with higher income students, six types of institutions went the other way: they replaced higher income students with lower income students.

By far the largest system doing so was public 2-year colleges, where 2.8 percent of the students from families with incomes above the median in 1978 were replaced by students from families below the median by 1992.

While the shift of lower income students to public 2-year colleges is not surprising, another shift is quite striking. Between 1978 and 1992 three groups of highly selective private 4-year colleges increased the proportion of their freshmen who came from the bottom half of the family income distribution. These were nonsectarian 4-year colleges with very high academic selectivity standards, Protestant 4-year colleges with high selectivity, and nonsectarian colleges with high selectivity. In addition, private universities with medium selectivity increased their enrollments from the bottom half of the family income distribution by a wider margin than any of the other 22 types of higher education institutions between 1978 and 1992.

Family Income Quartiles

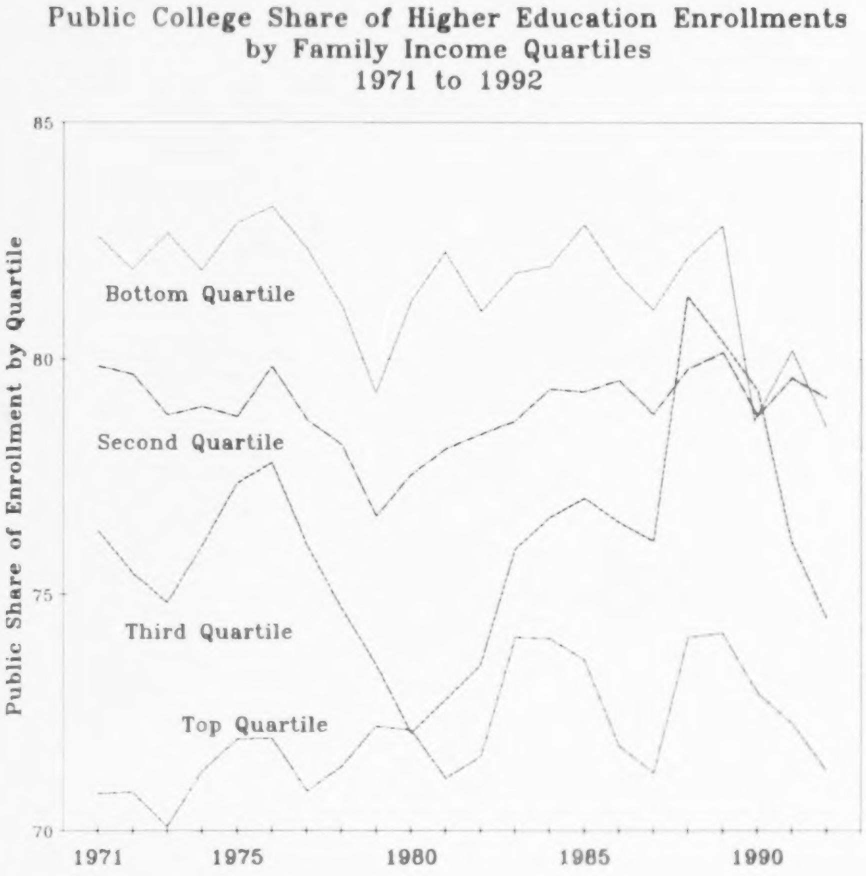
The Census Bureau's Current Population Survey provides another data source to examine economic stratification of higher education enrollments. Here, the population of unmarried 18 to 24 year olds enrolled in college is divided into quartiles of family income. In 1992 the quartiles were defined as follows:

Q1:	Below $21,606
Q2:	$21,606 to $38,820
Q3:	$38,820 to $63,567
Q4:	Above $63,567

The distribution between public and private institutions of enrollments within each family income quartile is plotted in the chart on the following page.

The results are clear and generally consistent with those of the UCLA Freshmen Survey. Moreover, the results are quite consistent over time, with one interesting exception.

First, public higher education institutions tend to enroll a larger share of unmarried 18 to 24 year olds from the lower quartiles of family income, and somewhat lesser shares of those from higher quartiles of family income. Between 1971 and 1992, public colleges have enrolled about 82


Public College Share of Higher Education Enrollments by Family Income Quartiles 1971 to 1992

percent of the students from the bottom quartile of family income, 78 percent of those from the second quartile, 75 percent of those from the third quartile, and 72 percent of those from the top quartile of family income.

Second, with some modest allowance for variability due to sampling, the sector shares of each family income quartile are quite stable over the last two decades.

The major exception to this finding is the third quartile of family income, between about $39,000 and $64,000 in 1992. This appears to be a quartile hotly contested between private and public institutions--an observation confirmed with anecdotes from private college admissions directors. In this family income range private colleges and universities gained market share from public institutions between 1976 and 1980, lost their gains and more between 1980 and 1988, and then regained share between 1988 and 1992. Changes in enrollment distributions have occurred in the other family income ranges during this period, but none are as great as the shifts that have occurred in the third family income quartile.

Conclusions

Higher education enrollments are stratified economically. This stratification has persisted over the last two decades of available economic data, and quite likely has persisted much longer.

Students from the highest family income backgrounds are most likely to be enrolled in institutions with highly selective admissions policies and in universities and 4-year colleges with primarily white student bodies. Although private institutions are more likely than public institutions to draw their students from affluent family income backgrounds, in fact public institutions enroll nearly three out of four students from the top quartile of family income.

Students from the lowest family income backgrounds are most likely to be enrolled in institutions with the least selective admissions policies and 2-year colleges. These institutions are likely to have a larger proportion of minorities, and indeed predominantly black colleges and universities have the lowest median family incomes and--along with public 2-year colleges--the highest proportion of students from the bottom half of the family income distribution.

The Chicago Study of Access and Choice in Higher Education (1984) summarized an extensive study of educational opportunity in Chicago and its suburbs as follows:

> *The [Chicago] study shows an interlocking system of educational stratification that treats minority and low-income students differently in a great many ways. The higher education system does not operate to equalize opportunity but has powerful institutional features that tend to perpetuate separation and inequality. There are no signs that these problems are curing themselves. In fact, cuts in scholarships, increases in tuition, increases in high school graduation standards and college admissions requirements, and cuts in compensatory programs in both high schools and colleges could lead to greater inequality and less access for a large and growing fraction of metropolitan Chicago students.*

But states love . . . . . . student financial aid

Higher Education Crowded Out Again in State Budget Priorities in FY1994

Since 1968 public institutions of higher education have been crowded out of state budget priorities. Shares of state resources previously allocated to higher education have been reallocated into prisons, welfare, Medicaid, K-12 education, and other apparently more pressing state needs. As a result of insufficient state appropriations to cover inflation, enrollment growth and quality improvements, tuitions have been raised to make up for otherwise inadequate funding from the states. In response to higher tuitions and federal incentives, all states have created, funded, and expanded state grant programs to aid financially needy undergraduates. The deterioration in federal student grant programs since the 1970s has made state support for student financial aid a still worthy higher education funding priority in state budgeting.

Fiscal year 1994 state actions extend this pattern of financing higher education. Higher education's share of state budgets continued to decline, tuition was used to make up the shortfall, and states with large need-based student grant programs provided substantial funding increases that both provided larger student aid grants and extended eligibility to larger numbers of undergraduates.

Here we review initial reports on state appropriations for higher education, tuition actions in public institutions, and state appropriations for need-based student grant programs. While the changes from last year are large and significant, the reader should also be aware that these changes are simply extensions of the economic rationalization of higher education finance that has been underway nationally for at least the last twenty-five years.

State Appropriation Priorities

The report on state appropriations for higher education and other major program categories comes from the National Conference of State Legislatures (NCSL) in ***State Budget and Tax Actions 1993, Preliminary Report***. The NCSL report is based on survey responses from 38 states that had completed budgeting for FY1994 by late July.

The NCSL summary gets right to the point:

> *State budgets for FY1994 reveal a dramatic shift in funding priorities, away from higher education in favor of Medicaid and corrections:*
>
> - *State governments' funding for Medicaid exceeded tax-financed funding for higher education in FY1993 for the first time ever.*
> - *One year later, for FY1994, state funding for Medicaid will be 24 percent more than tax-supported state funding for higher education.*
> - *For the third year in a row, corrections received more new state dollars than higher education.*

These developments dramatize long-term trends in state finance. They are not isolated or erratic events:

- *Medicaid and corrections appropriations have been growing faster than state spending on higher education and elementary and secondary education since the late 1980s.*
- *These developments are broad based. Of the 38 states that have so far reported their spending decisions in 1993, 32 provided more new money for Medicaid than for higher education, and 18 increased funding for corrections more than for higher education.*
- *The reduced importance of higher education funding is the logical development from the fiscal situation in many states. Public safety policies rely heavily on incarceration, and Medicaid cost increases are largely beyond state governments' control. Medicaid and corrections take a larger share of state revenues year by year, squeezing out higher education and forcing states to shift costs to tuition and fees.*

The percentages changes in state tax fund appropriations for higher education, K-12 education, corrections and Medicaid for the 38 reporting states in the NCSL survey are summarized in the table on the following page.

One of the many consequences for the deterioration in state funding for public higher education funding has been the imposition of enrollment limits, particularly in 4-year institutions. These enrollments explicitly deny higher educational opportunity to some usually uncounted number of college students where they are imposed. The manner of their

Changes in State Funding for Major Program Categories
FY1993 to FY1994

Rank State	Higher Education	K-12 Education	Corrections	Medicaid
1 Georgia	12.7%	4.5%	13.8%	19.5%
2 Florida	9.5	8.0	5.4	20.6
3 Texas	8.7	1.3	18.0	19.7
4 Connecticut	8.1	6.2	19.0	0.0
5 New Mexico	7.3	8.6	2.3	9.0
6 New York	7.2	4.0	2.1	7.9
7 Ohio	6.7	3.7	18.4	18.8
8 South Dakota	6.7	3.3	11.3	19.1
9 Pennsylvania	6.6	2.7	20.6	-14.6
10 Tennessee	6.2	10.8	3.3	-17.3
11 Kansas	6.2	32.2	4.7	1.2
12 New Jersey	6.1	8.5	2.4	8.4
13 Alabama	5.8	7.0	0.0	17.9
14 Mississippi	5.6	10.0	7.6	12.8
15 Montana	5.4	-0.9	11.2	17.0
16 Kentucky	5.0	4.5	9.1	15.7
17 Delaware	4.1	6.9	5.8	23.8
18 Utah	3.4	7.0	7.3	15.5
19 Iowa	2.8	4.0	6.3	14.1
20 Colorado	2.6	11.1	9.6	3.2
21 Idaho	2.6	5.5	17.9	11.9
22 Alaska	2.3	4.6	0.9	22.9
23 Missouri	1.7	4.4	3.3	11.4
24 Virginia	1.4	3.0	9.4	8.1
25 Arizona	1.3	4.3	18.1	-4.9
26 Nebraska	1.2	4.5	9.7	10.4
27 Arkansas	0.8	4.1	15.5	9.9
28 Minnesota	0.4	13.4	12.4	15.6
29 Wyoming	0.0	13.2	0.0	0.0
30 Washington	-0.2	4.5	28.6	15.6
31 Michigan	-0.3	1.0	14.3	16.1
32 Vermont	-0.4	-0.4	11.9	7.8
33 Maryland	-0.6	-2.3	2.9	3.3
34 South Carolina	-0.6	4.1	2.5	9.6
35 Oklahoma	-1.5	6.1	-0.4	-0.9
36 Louisiana	-2.5	1.3	-3.3	38.4
37 North Dakota	-4.8	4.0	16.4	16.7
38 California	-8.0	-15.6	15.3	-2.9
Mean	**2.7**	**1.7**	**10.8**	**7.5**
Median	**2.7**	**4.5**	**9.2**	**11.6**

imposition--usually by raising admissions requirements--nearly always affects the least represented populations in higher education disproportionately. These include students from lowest family income backgrounds, blacks and Hispanics.

The Western Interstate Commission on Higher Education (WICHE) first reported on enrollment limits in the western states in 1991. WICHE observed that enrollment limits had been in place for many years in **California**, **Colorado** and **Washington**. **Oregon** adopted enrollment limits in 1989, and **North Dakota** followed with limits in 1990. At the time of the WICHE report, **Arizona**, **Minnesota**, **Montana**, **Nevada** and **Utah** were discussing enrollment limits, and several of these states subsequently adopted them. Enrollment limits in public 4-year systems exist elsewhere in the U.S. as well, having been adopted in **Wisconsin** in 1987.

More recent data on the spread of enrollment limits in public 4-year colleges and universities was recently reported by the American Association of State Colleges and Universities (AASCU) in the *Fall 1993 Annual Survey of Student Charges at Public Four-Year Institutions*. AASCU's survey found that 30.4 percent of responding institutions had established enrollment limits at their institutions.

The AASCU survey also reported on many other aspects of the financial distress of public 4-year colleges and universities. Chief among these that directly affect educational opportunity for students were:

- 60 percent of surveyed institutions were experiencing an increased number of students requesting financial aid.
- 46 percent of institutions reported students were eligible for greater amounts of aid.
- 10 percent of institutions reported access to student services were reduced.
- 86 percent reported existing fee increases.
- 31 percent reported new fees established.
- 31 percent reported course sections reduced.
- 30 percent reported class selections reduced.
- 29 percent reported programs cut or consolidated.
- 45 percent reported full-time faculty positions left unfilled.
- 29 percent reported full-time faculty positions were cut.
- 35 percent reported increased class size.
- 26 percent reported increased instructional workload.
- 28 percent reported library acquisitions were reduced/eliminated.
- 35 percent reported part-time faculty positions left unfilled.
- 33 percent reported part-time faculty positions were cut.

Tuition Increases in Higher Education

Several sources have published surveys of tuition and fee information for 1993-94, including AASCU and The College Board. For 1993-94 tuition increases in public institutions were about three times the inflation rate, and probably about three times the increase that families could afford to pay without financial aid.

The reduction in expected parental contribution in the federal needs-assessment (by removing home equity), however, will offset such tuition increases in many cases. That's just more debt added to the student loan balance--another form of this generation of parents' passing the buck to the next generation.

OPPORTUNITY will return to the tuition issue soon and often to sort out relevant public policy questions such as for whom is a tuition increase a serious problem and for whom is it merely an annoyance. Too much of the current public policy discussion ignores the obvious fact that a student from a family earning $30,000 per year is going to perceive a $500 tuition increase differently than will a student from a family earning $150,000 per year.

State Grant Program Appropriations

Although the NCSL preliminary survey reports only a 2.7 percent increase in state tax funds for higher education, appropriations for major state student grant programs fared much better. Appropriations for 1993-94 average 11.7 percent above levels appropriated for 1992-93 in the same programs. State appropriations will increase from $1,884 million to $2,104 million. *This is a greater rate of increase than the increases awarded K-12 education, corrections, or Medicaid in 1993-94 in state budgeting.*

OPPORTUNITY has surveyed the state grant agencies that administer the 34 largest state need-based student grant programs in the country. These 34 programs include 93 percent of the dollars awarded to undergraduates through state need-based grant programs. The far more detailed report on these programs will be published at a later date by the National Association of State Scholarship and Grant Programs.

The **OPPORTUNITY** survey is summarized in the table on the following page. All numbers reported are estimates, as 1992-93 accounts remain to be reconciled, and 1993-94 numbers are projections. In addition to the 11.7 percent increase in state funding for need-based student grants, other highlights from the survey include:

- *The number of undergraduates who will receive need-based state grants will increase from 1,320,000 in 1992-93 to 1,416,000 in 1993-94--an increase of 7 percent.*
- *Of the 34 programs surveyed, three programs will receive reduced funding:* ***Massachusett's*** *General Scholarships,* ***Kentucky's*** *College Access Grants Program, and* ***Rhode Island's*** *Scholarships and Grants Program.* ***Rhode Island*** *also lost its State Student Incentive Grant allocation of federal funds because it failed to make its "maintenance of effort" requirement.*
- *In addition, programs in four states were level funded:* ***Michigan, South Carolina, Connecticut,*** *and* ***Massachusetts.*** *Three of the five programs were tuition equalization programs designed to reduce the tuition difference between public and private institutions.*
- *Twenty-six programs received increases in funding ranging from 0.6 percent to 133.3 percent. The largest gain was in* ***Washington*** *which decreased state funding for higher education by .2 percent but increased funding for its State*

State Need-Based Grant Program Changes
1992-93 to 1993-94

		Recipients			Dollars (millions)		
State	Program	1992-93	1993-94	Change	1992-93	1993-94	Change
	TOTALS	1,320,042	1,415,868	+7.3%	$1,883.8	$2,103.7	+11.7%
New York	Tuition Assistance Program	304,584	312,058	+2.5%	$596.0	$619.2	+3.9%
Illinois	Monetary Award Program	110,243	119,000	+7.9%	$200.9	$213.2	+6.1%
Pennsylvania	State Grants	120,846	126,888	+5.0%	$166.7	$187.6	+12.5%
New Jersey	Tuition Aid Grants	51,000	54,000	+5.9%	$100.0	$123.2	+23.2%
California	Cal Grant A	41,330	41,330	nc	$93.3	$135.3	+45.0%
Minnesota	State Grant Program	61,000	63,700	+4.4%	$83.0	$99.0	+19.3%
Ohio	Instructional Grants	95,000	110,000	+15.8%	$62.1	$71.4	+15.0%
Indiana	Higher Ed/Freedom of Choice	45,000	52,000	+15.5%	$52.0	$54.0	+3.7%
California	Cal Grant B	33,803	33,803	nc	$55.2	$68.4	+23.9%
Michigan	Tuition Grants	30,850	31,000	+0.5%	$50.5	$50.5	nc
Massachusetts	General Scholarship	34,000	33,000	-2.9%	$35.3	$34.3	-2.8%
Virginia	Discretionary Aid	28,681	33,000	+15.1%	$37.5	$47.7	+27.2%
Iowa	Tuition Grant Program	14,112	15,100	+7.0%	$31.0	$31.7	+2.5%
Florida	Student Assistance Grants	34,243	42,918	+25.3%	$25.8	$30.7	+19.2%
Michigan	Competitive Scholarships	25,759	25,759	nc	$28.7	$28.7	nc
Texas	Tuition Equalization Grants	16,958	18,891	+11.4%	$24.2	$25.2	+4.1%
Washington	State Need Grants	19,000	38,000	100.0%	$21.0	$49.0	+133.3%
Wisconsin	Higher Education Grants	39,982	41,500	+3.8%	$21.3	$23.4	+9.9%
So. Carolina	Tuition Grants	6,606	11,275	+70.7%	$16.7	$16.7	nc
Wisconsin	Tuition Grants	8,751	8,500	-2.9%	$14.1	$15.4	+9.2%
Maryland	General State Scholarships	11,104	13,483	+21.4%	$13.0	$16.2	+24.6%
Tennessee	Student Assistance Awards	19,388	19,500	+.6%	$14.3	$15.5	+8.4%
Oklahoma	Tuition Aid Grants	18,766	18,500	-1.4%	$14.9	$15.0	+.6%
Kentucky	College Access Grants Prog	21,795	17,463	-19.9%	$13.0	$12.5	-3.8%
Colorado	Student Grants	18,056	23,277	+28.9%	$13.8	$17.8	+28.9%
Connecticut	Indep College Student Grants	4,000	4,000	nc	$12.1	$12.1	nc
Oregon	Need Grants	15,633	14,000	-10.4%	$11.9	$12.9	+8.0%
New Jersey	Educational Opportunity Fund	12,360	12,850	+4.0%	$16.6	$17.4	+6.1%
New York	Aid for Part-time Study	22,337	24,150	+8.1%	$11.1	$12.0	+8.1%
Missouri	Student Grants	8,828	8,900	+.8%	$10.9	$11.1	+1.8%
Massachusetts	Cash Grants	13,731	13,731	nc	$10.0	$10.0	nc
Vermont	Incentive Grants	12,952	13,595	+5.0%	$11.2	$11.3	+.7%
Rhode Island	Scholarship & Grants Program	12,579	13,307	+5.8%	$8.3	$7.2	-13.4%
Kentucky	Tuition Grant Program	6,765	7,390	+9.2%	$7.4	$8.1	+8.4%

Need Grant program by 133 percent.

- ***California**, which cut state funding for higher education by 8 percent, increased funding for its Cal Grant A Program by 45 percent, and its Cal Grant B Program by 24 percent. It looks like those tuition increases are hurting. The reported enrollment losses--close to 200,000 students--are, like everything else about the state, extraordinary.*
- *Other states that provided large funding increases for their major state grant programs include: **Colorado** (+28.9%), **Virginia** (+27.2%), **Maryland** (+24.6%), **New Jersey** (+23.2%), **Minnesota** (+19.3%), **Florida** (+19.2%), **Ohio** (+15.0%), and **Pennsylvania** (+12.5%). Increases in other states may be barely sufficient to cover tuition increases for previously served student populations.*

Who Pays? *Who Benefits?*

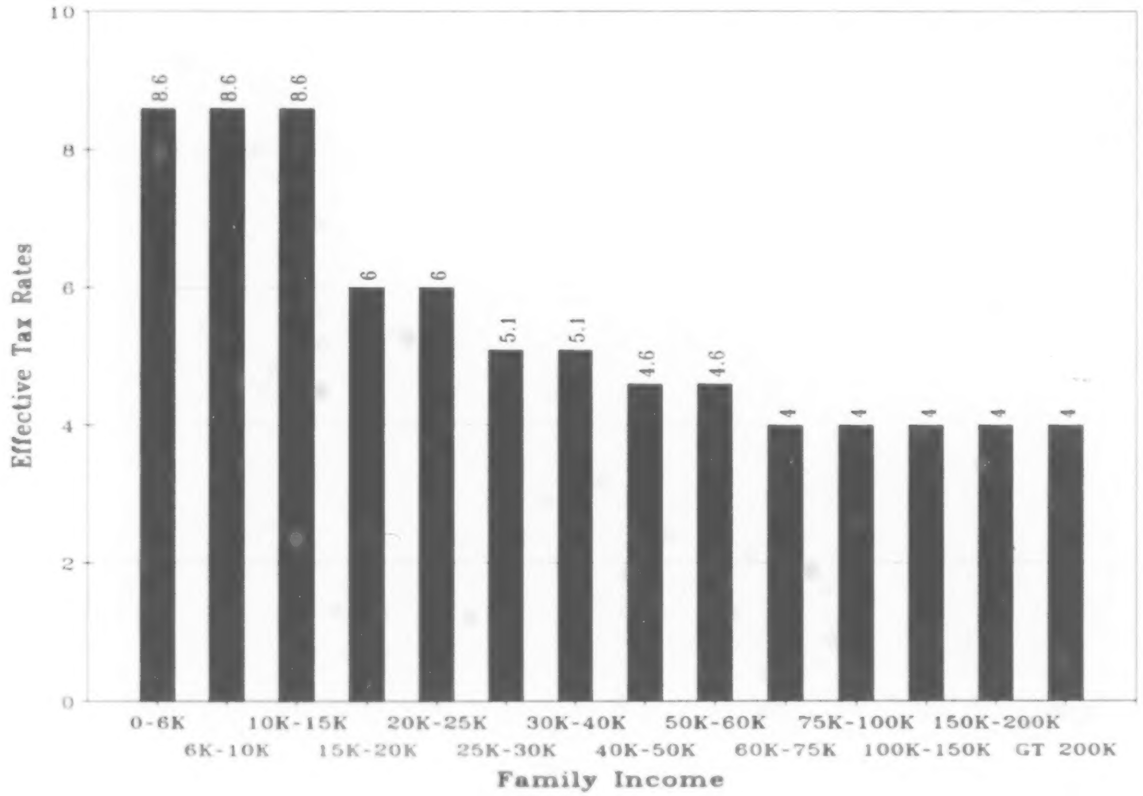
Washington State Examines Subsidy Distribution by Family Income in Public Institutions

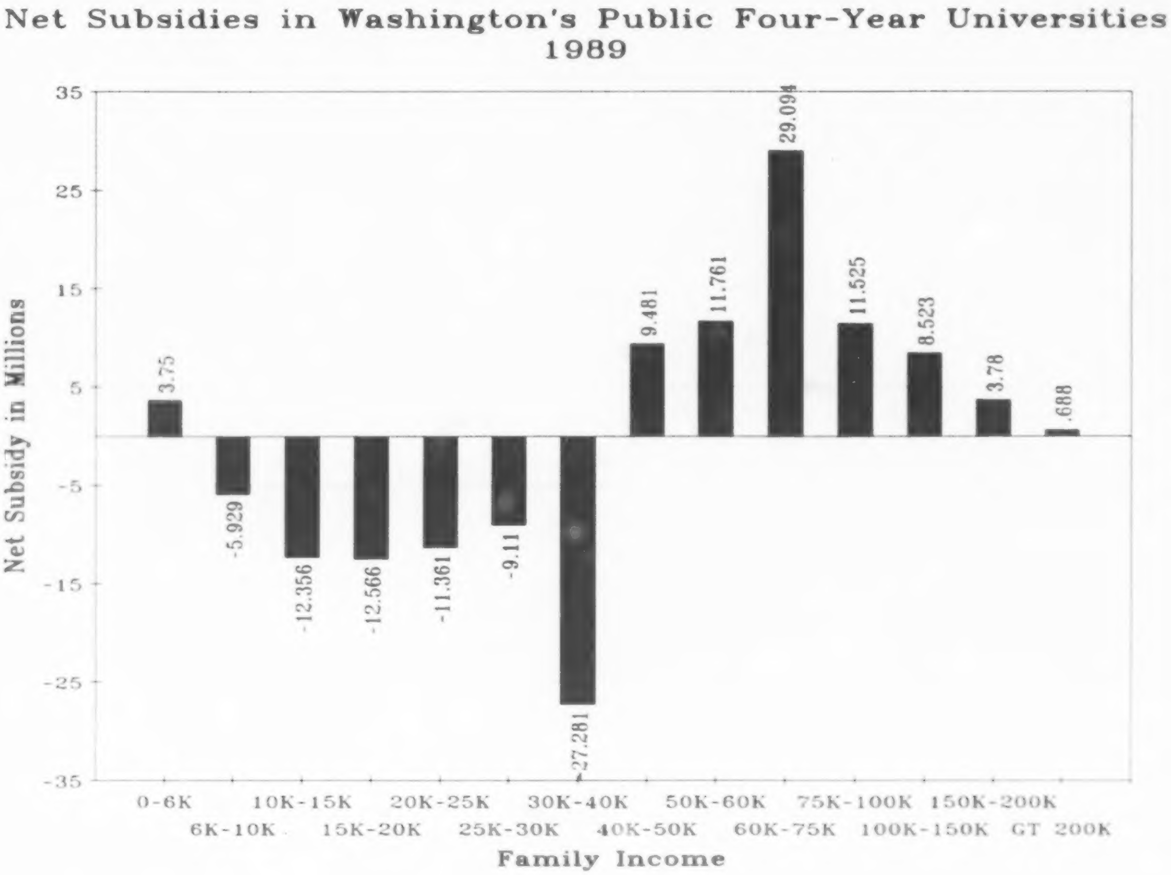
One of the long standing questions in higher education finance is the progressivity/regressivity of low tuition in public higher education institutions. Since public four-year colleges and universities are mainly populated by students from relatively affluent family income backgrounds, does the taxpayer support of two-thirds to three quarters of their educational costs by taxpayers generally amount to an income transfer from low income families to higher income families? Do the taxes paid by less affluent families go to subsidize the higher educations of more affluent families?

The question was first broached by Professors Lee Hansen and Burton Weisbrod of the University of Wisconsin in 1969. Their pioneering study of California's low tuition/high state subsidy model of financing public higher education indicated that low tuition was regressive: California's most affluent families received more in higher education benefits than they paid in taxes, and low income families received less.

The Hansen-Weisbrod study immediately ignited fierce debate on its data, methods of analysis, and conclusions among students of higher education finance. Subsequent studies extended the original analysis in California and added other states, addressed omissions and limitations, and reached a different conclusion: low tuition was moderately progressive. That is, low tuition and high state subsidies were largely paid for by the most affluent families that are disproportionately represented in public higher education, especially four-year institutions.

An important exception to these challenges to the original Hansen-Weisbrod finding is a confirming study of higher


Income-Specific Effective Tax Rates in Washington State 1989



education finance in Florida. Under a regressive tax system in Florida, low tuitions for high income Florida families were disproportionately financed by the taxes paid by less affluent families.

A similar study was recently prepared in the State of Washington--another state with a notably regressive tax structure. Washington has no income tax, but has one of the highest state sales tax rates in the country. As a result low income families pay an effective tax rate that is more than twice as much as that paid by families with high incomes.

The results of the Washington study are presented here, courtesy of Dr. Irv Lefberg of the Washington Office of Financial Management.

Summary

Washington State's tax system, which relies heavily on sales and use taxes, effectively taxes low to middle income families at higher rates than it taxes middle to high income families. The estimated effective tax rate for low income families is 8.6 percent while the estimated effective tax rate for high income families is 4.0 percent. The effective tax rates were computed based on national consumer expenditure patterns by families at various income levels.

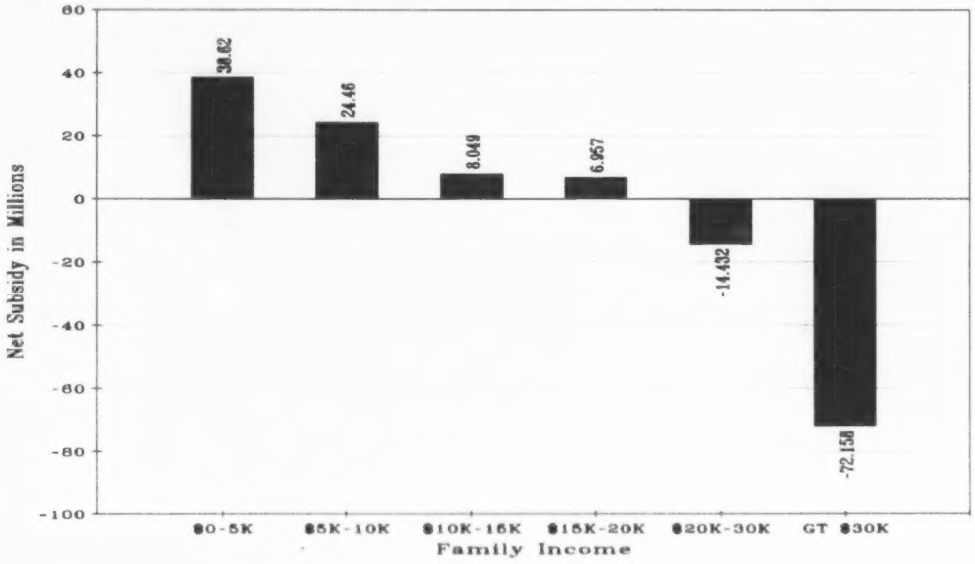
The largest share of the general fund cost to educate students in Washington's public four-year schools is borne by the taxpayer. In 1989, roughly $597 million general fund dollars were expended on public higher education in Washington State. About 21 percent was covered by tuition ($105 million) and state financial aid ($18 million). The remaining 79 percent ($474 million) came from taxes collected by the state that were appropriated for higher education.

The average family household income in Washington State was $36,795 in 1989. The average family income of entering freshmen at the University of Washington (UW) and Western Washington University (WWU) was an estimated $66,155. (Income data are not available for other four year public institutions and for students who transfer to four year institutions.)

Families with incomes less than $40,000 per year appear to have paid more in general state taxes and tuition to support four-year higher education than they received in higher education services in 1989. The conclusion is based on the assumption that the income characteristics of families of students at the six four-year public institutions are similar to those of entering freshmen at UW and WWU.

Students from lower income families are more likely to participate in community colleges than are students from higher income groups. While information about the family incomes of community college students is limited, what is available shows that families with less than $30,000 in income received more services from community colleges than they paid for through taxes and tuition.

Net Subsidies in Washington's Community Colleges
1989



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Postsecondary Education **OPPORTUNITY**

The Mortenson Report on Public Policy Analysis of Opportunity for Postsecondary Education

Number 18 **Iowa City, Iowa** **November 1993**

Half Full? *No! Half Empty!*

Blacks Still Only Half as Likely as Whites To Attain Baccalaureate Degree

In 1993 blacks remained only half as likely as whites to have earned a baccalaureate degree by age 25 to 29. Although some improvement was evident in 1993 compared to the two prior years, the 1993 rate remained about where it has been since the mid-1970s.

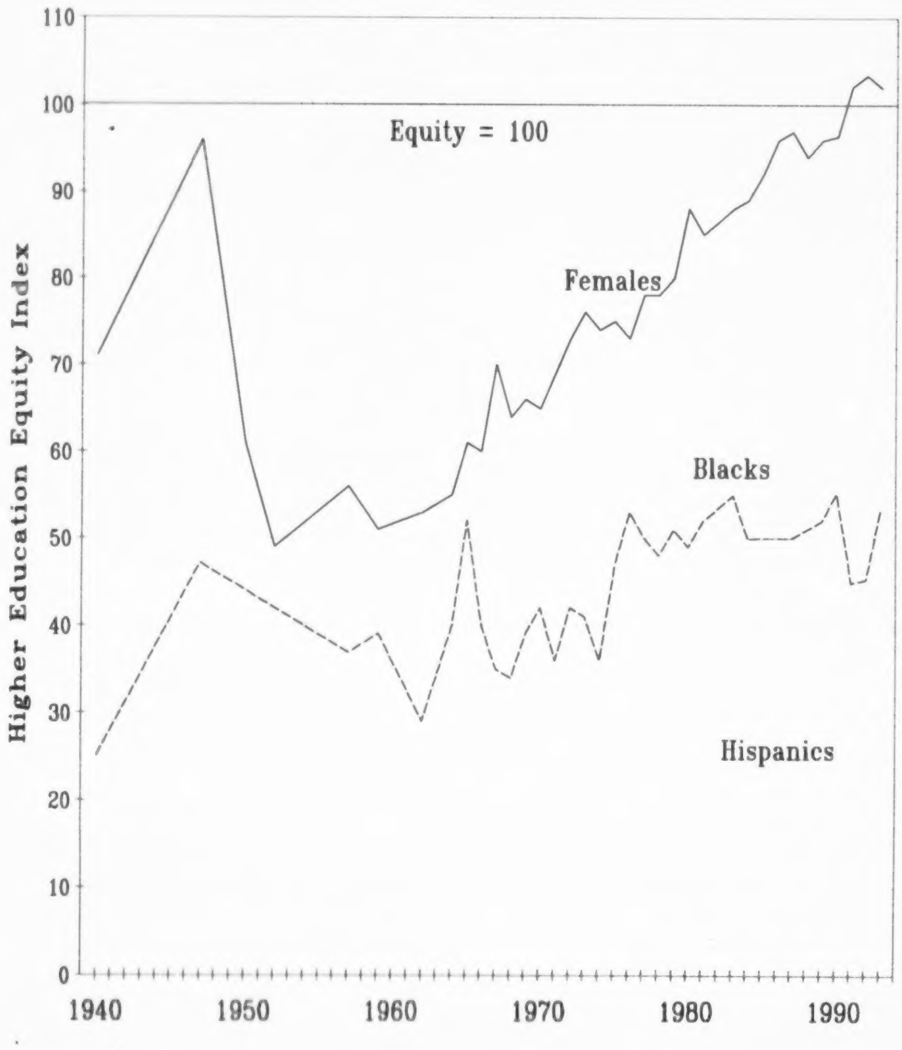
By comparison to the lack of progress for blacks, women have made substantial progress and surpassed males in their chances for earning a baccalaureate degree by ages 25 to 29. Between the mid-1970s and 1993, women have moved from about three-quarters as likely as males to earn a baccalaureate degree by age 25 to 29, to more likely than males.

The lack of progress in baccalaureate level educational attainment for blacks compared to whites is analyzed here with the most recently collected--and unpublished--data from the Census Bureau's ***Current Population Survey****. We are grateful to Dr. Robert Kominski and his staff at the Census Bureau for sharing this pre release data for this analysis and report. The 1993 data used here will be published at later dates in the Census Bureau's* ***Current Population Reports, Series P-20****.*

Education Equity Index

The Higher Education Equity Index for blacks represents blacks' chances for completing a baccalaureate degree by the time they are 25 to 29 years

Higher Education Equity Index
for Females and Blacks
1940 to 1993



old, compared to chances for whites. The HEEI is calculated by dividing the proportion of the black population ages 25 to 29 years that has attained a baccalaureate degree by the proportion of the white population ages 25 to 29 years that has attained a baccalaureate degree by ages 25 to 29.

For example in 1993 13.24 percent of the black population ages 25 to 29 had completed their baccalaureate degree, compared to 24.74 percent for whites. Their ratio--53.5 percent--represents a black's chances compared to those of a white for holding a bachelor's degree. This is the Higher Education Equity Index for blacks in 1993.

Until the mid-1970s, the HEEI for blacks fluctuated around 40 percent. It had been as low at 25 percent in 1940, and as high as 52 percent in 1965, but generally hovered between 29 and 42 percent until the mid-1970s.

Then in 1975 the HEEI for blacks increased to a high of 47 percent, and in 1976 it reached 53 percent. Remember that when considering the educational attainment of blacks ages 25 to 29 years, the real gains were probably made 10 years earlier when they graduated from high school and would have entered college. Ten years before 1975 coincides with the passage of federal legislation that greatly expanded economic, political, and educational opportunities for blacks. These laws included the **Voting Rights Act**, **Civil Rights Act**, **Economic Opportunities Act**, **Elementary and Secondary Education Act**, and the **Higher Education Act** that created Education Opportunity Grants for financially needy college students.

The sharp jump in the Higher Education Equity Index for blacks in the mid-1970s has been preserved, but not added to, unlike the experience for women, through 1993. Although the HEEI for women increased by 29 percentage points between 1976 and 1993, the HEEI for blacks increased by 0.5 percentage points during this period.

Black Demographics

High school graduates, college freshmen, and eventually baccalaureate degree recipients are all driven by births occurring 18 years earlier. When these are plotted together--adjusting the years in which live births occur to the year of high school graduation and college entrance for recent black high school graduates--the flow of black students through the educational system becomes clearer. Also, the points at which educational hemorrhaging occur become clearer.

For example, the high school graduates of 1992 were born 18 years earlier, in 1974. In 1974 there were 507,000 black babies born in the United States according to the National Center for Health Statistics. Eighteen years later, in 1992, 353,000 of these graduated from high school and 169,000 were enrolled in college in the fall of 1992. Beginning in 1996 this cohort will begin graduating from college with baccalaureate degrees and begin entering the labor force or continuing on in college enrolled in graduate or professional studies.

If blacks graduated from high school at the same rate as whites, in 1992 instead of 353,000 black high school graduates there would have been 359,000 using the Bureau of Labor Statistics' version of the 1992 Current Population Survey data. If 1992 black high school graduates had enrolled in college the following fall at the same rate as whites, instead of 169,000 black college freshmen there would have been 224,000. Apparently blacks are having greater difficulties managing the transition from high school to college than they are graduating from high school.

The blacks that will be graduating from high school through the year 2010 have already been born. The plot

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Editor and Publisher
Thomas G. Mortenson
Phone (voice/fax): (319) 351-4913
TIN: 470520190

Mission Statement

This newsletter is founded on two fundamental beliefs. First, sound public social policy requires accurate, current, independent, and focused information on the human condition. Second, education is essential to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this newsletter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for *all* Americans.

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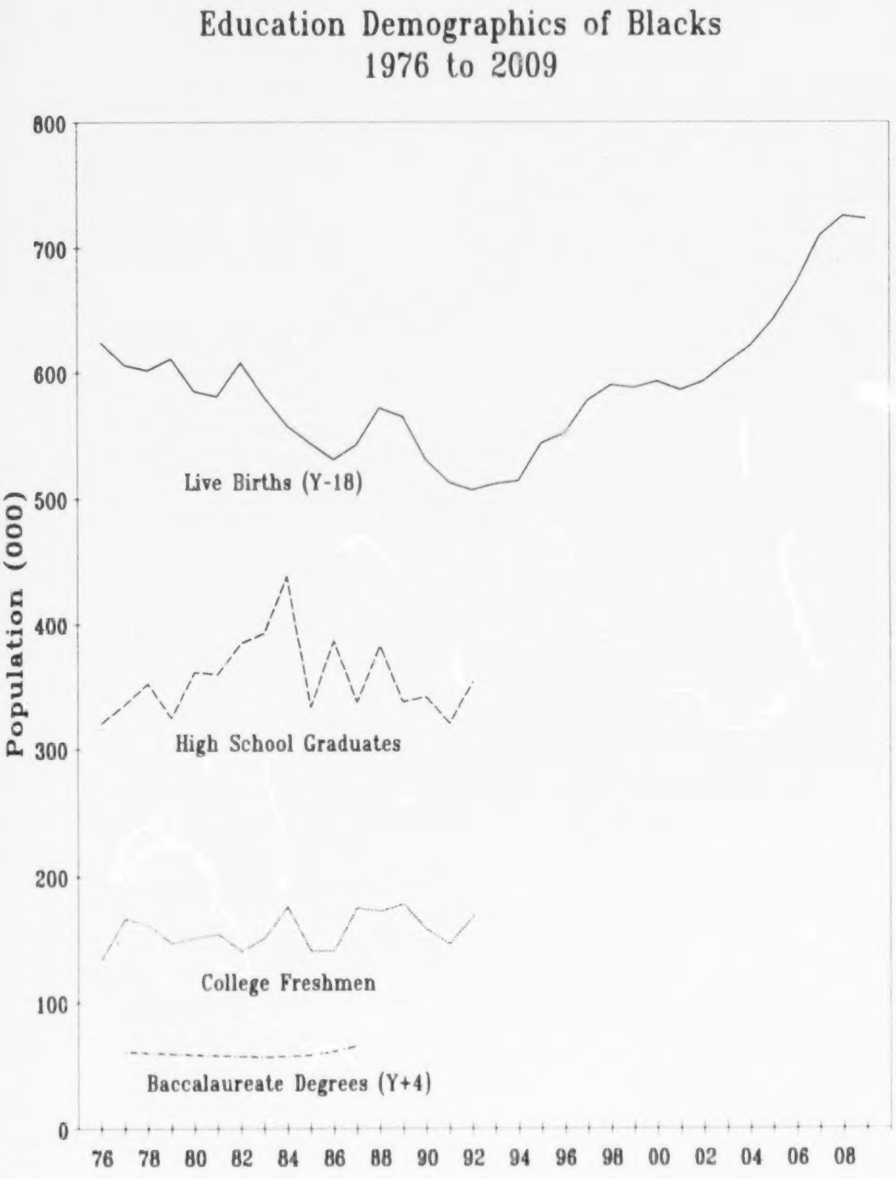


Education Demographics of Blacks 1976 to 2009

of their numbers shows growth from 507,000 in 1974 (from which the 1992 cohort of high school graduates came), to 723,000 in 1991 (which will yield the high school graduates in the year 2009). This is an increase of 43 percent in black live births, and will almost certainly produce a similar increase in black high school graduates by the year 2009.

The increase in the number of high school graduates continuing their educations into college is more problematic. Between 1976 and 1992 the college continuation rate for recent black high school graduates has ranged from 36.5 percent (in 1982 and 1986) to 52.8 percent (in 1989). The most recent college continuation rate for blacks was 47.9 percent in 1992.

At the 1992 rate there will be 241,000 black college freshmen in 2009 who were high school graduates the same year. Based on past experience, the number could range from 184,000 to 266,000. If blacks' chances for reaching college in 2009 were to equal those of whites in 1992, there would be 392,000 black college freshmen in 2009 out of the cohort of 723,000 black babies born in 1991.

High School Graduates

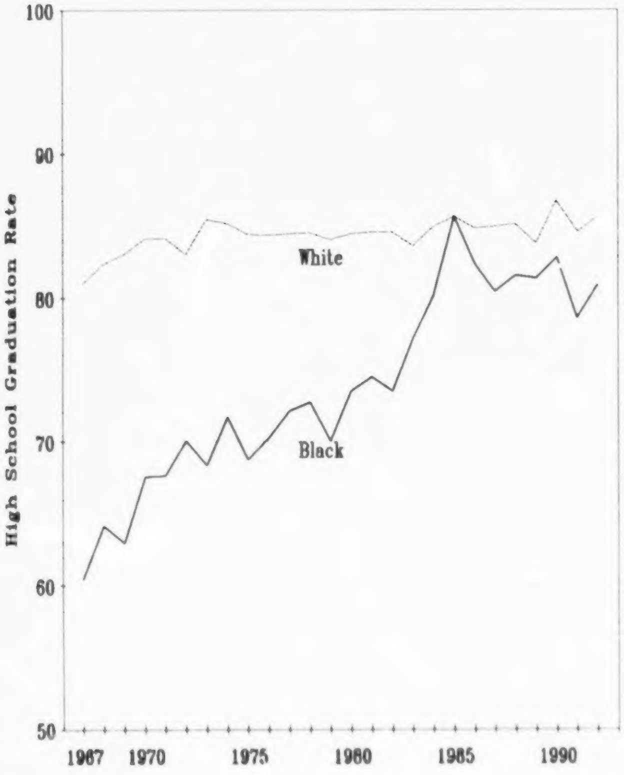
Earning a baccalaureate degree involves three hurdles: high school graduation, college access, and college completion. We use this three-stage model to describe the progress of blacks over time along this path, and to compare the progress of blacks to that of whites over this period. Data used in these analyses are obtained through the Census Bureau's **Current Population Survey** (CPS).

In October of 1992 80.8 percent of blacks ages 20 and 21 years were high school graduates, either enrolled in college or not-enrolled but having graduated from high school. For males the high school graduation rate was 83.0 percent, and for females it was 79.2 percent. By comparison 85.6 percent of whites the same age were high school graduates.

As shown in the high school graduation rate chart, there are two distinct periods for blacks. Between 1967 and 1985, the high school graduation rate for blacks rose steadily and substantially, from 60.4 percent in 1967 to a peak of 85.6 percent by 1985.

Since 1985 the black high school graduation rate has drifted downward and for the last two years has averaged just below 80 percent. The decline in the black high school graduation rate since 1985 means that there were about 48,000 fewer black high school graduates ages 20 and 21 in 1992 than there would have been had blacks graduated from high school in 1992 at the same rate they did in 1985.

As high school graduation rates for blacks have drifted lower, rates for whites have edged upward. This means that the disparity between white and black high school graduation rates is growing. Between 1985 and 1989 the black high school graduation rate lagged that for whites by an average of 2.6 percent. Between 1990 and 1992 it has lagged the white rate by an average of 4.9 percent.

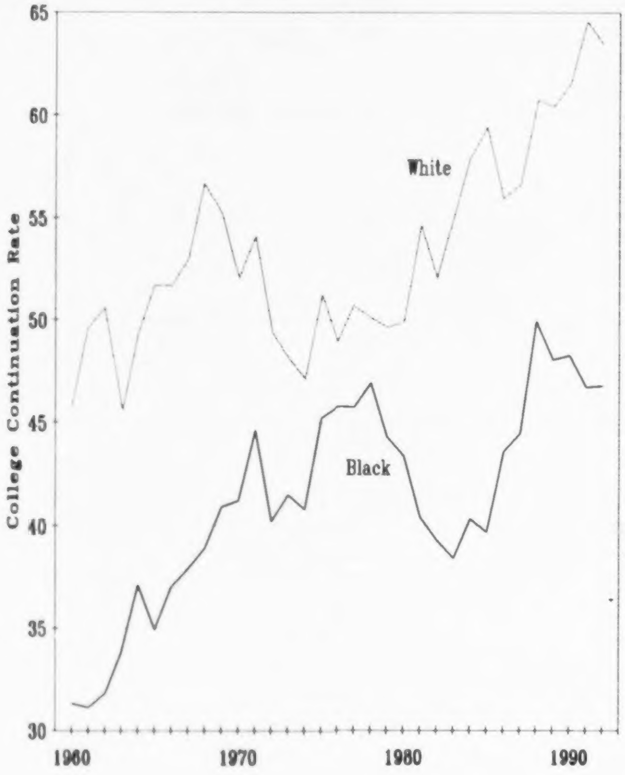


High School Graduation Rates
for Blacks and Whites 20 to 21 Years
October, 1967 to 1992

College Continuation

The second step on the path to a baccalaureate degree is college continuation for those who graduate from high school. Previous research findings suggest that those most likely to attain a baccalaureate degree are those who continue their studies in college immediately following high school graduation.

Therefore, we examine here data reported by the Bureau of Labor Statistics from the *Current Population Survey*. Note the charted data for blacks includes other nonwhite populations prior to 1976, and the data shown reflect a moving three-year average for blacks to emphasize underlying trends and obscure statistical spikes normally reflected in small statistical sampling.



College Continuation Rates
for Black and White Recent High School Graduates
1960 to 1992

For blacks the college continuation experience for recent high school graduates again must be separated into distinct periods. Between 1960 and about 1978 the rate at which black high school graduates continued their studies in college the following fall increased sharply, from about 31 to about 47 percent. This trend reversed about 1979 and the college continuation rate for blacks dropped sharply back to about 38 percent by 1982. Then the rate rose again, to a record peak of about 50 percent by 1988. Since then, the college continuation rate for blacks has dropped somewhat again, to about 47 percent for 1991 and 1992.

Compared to the college continuation rate for whites, black high school graduates have always continued their studies in college at lower rates. However, this gap between white and black college continuation rates narrowed sharply between 1960 and the mid-1970s. It then remained fairly narrow through the end of the 1970s, widened through the mid-1980s, then narrowed between 1983 and 1988, and has reopened since then through 1992. During the second half of the 1970s the gap was narrowest. Currently the disparity is wider than it has been since the late 1960s, except for a brief period during the early 1980s.

Enrollment Stratification

The selective admissions and retention practices of some four-year higher education institutions effectively narrow the array of institutional choices available to groups that are not likely to meet such criteria--and are also likely to be less affluent and less well prepared academically for college. Here we examine the distribution of black undergraduate enrollments by institutional type and control with data collected by the National Center for Education Statistics and published in the *Digest of Education Statistics 1993*. The 1991 fall enrollment data are the most recent published by NCES.

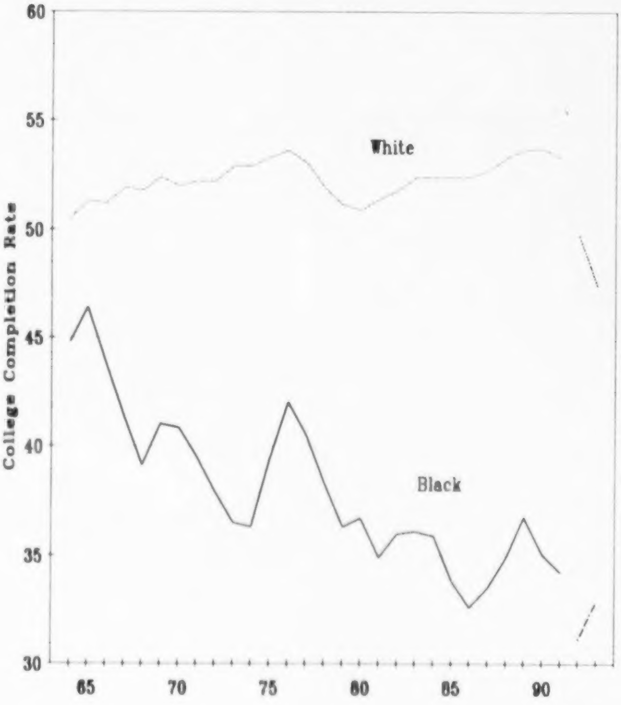
In 1991, about 79 percent of blacks were enrolled in public colleges and universities, compared to 78 percent for whites, 86 percent for Hispanics, and 81 percent for Asians, and 88 percent of American Indians. Also in 1991, about 57 percent of blacks were enrolled in four-year institutions, compared to 62 percent for whites, 54 percent for Hispanics, 60 percent for Asians, and 45 percent for American Indians.

Over the last fifteen years, between 1976 and 1991, black enrollments have shifted slightly across institutional types. Although the primary finding here is the stability in distribution of black enrollments across institutional types, in fact blacks are less likely to be enrolled in public four-year institutions in 1991 than they were in 1976. They are more likely to be enrolled in private four-year, private two-year, and public two-year colleges in 1991 than they were in 1976.

College Completion

The third hurdle along the path to a baccalaureate degree is college completion for those who begin college (after high school graduation and college continuation). These data answer the question: Of those who start college, what

Four-Year/Baccalaureate College Completion Rates
for Blacks and Whites Ages 25 to 29 Years
1964 to 1993



Fall Black Enrollment in Institutions of Higher Education
by Type and Control of Institution
1976 to 1991

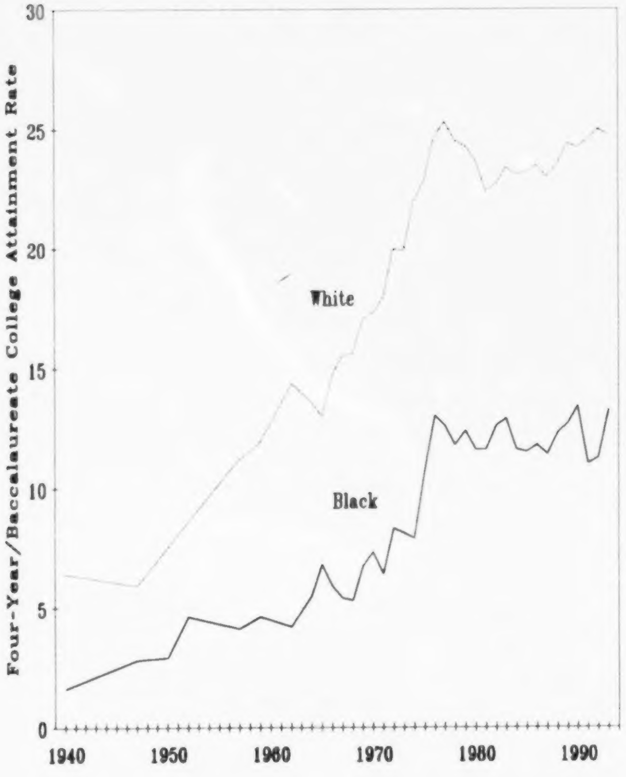
Year	1976	1978	1980	1982	1984	1986	1988	1990	1991
Total (000)	1,033.0	1,054.4	1,106.8	1,101.5	1,075.8	1,082.3	1,129.6	1,113.3	1,335.4
Distribution:									
• Public 4-Yr	40.8%	40.3%	39.6%	38.2%	39.7%	39.1%	39.7%	39.8%	38.7%
• Public 2-Yr	17.6%	17.7%	17.7%	17.4%	17.7%	17.7%	18.4%	18.6%	18.1%
• Priv 4-Year	39.6%	39.3%	39.6%	41.1%	38.8%	39.7%	38.3%	38.0%	40.2%
• Priv 2-Year	1.9%	2.7%	3.1%	3.3%	3.8%	3.4%	3.6%	3.6%	3.0%

proportion have completed four years or more/obtained baccalaureate degree by age 25 to 29 years?

These data come from the Census Bureau and are published in *Current Population Reports*. The Census Bureau redefined educational attainment beginning with the 1992 survey, and thus results from the last two years are not strictly comparable with data collected between 1964 through 1991. Prior to 1992 educational attainment was measured by years of college completed. Beginning in 1992 educational attainment was measured by highest degree earned. Other definition changes were made in tabulation of data on individuals reporting some college.

The results show a clear and substantial deterioration in four-year college completion rates for blacks entering college after 1965. In that year about 46 percent of all blacks who had started college had completed four years or more of college by the time they were 25 to 29 years old. By 1991 this had dropped to 34 percent. Under the new definition of educational attainment, it was 33 percent by 1993.

Four-Year/Baccalaureate College Attainment Rates
for Blacks and Whites 25 to 29 Years
1940 to 1993



College Attainment

Earning a baccalaureate degree from college is the result of first graduation from high school, then continuing to college, then completing four years or more of college. Here we measure this degree attainment by ages 25 to 29 years for both blacks and whites.

In March of 1993, the Census Bureau's *Current Population Survey* found that 13.2 percent of all blacks ages 25 to 29 years held at least a baccalaureate degree from college. By comparison 24.7 percent of all whites in the same age range held a baccalaureate degree from college. These four-year/baccalaureate degree attainment rates have remained quite stable for both blacks and whites since the mid-1970s.

The growth in four-year/baccalaureate degree attainment rates occurred between the late 1940s and the mid-1970s. For blacks the attainment rate increased from about 2 percent in 1940 to about 13 percent by the mid 1970s. Since then, for almost the last two decades, blacks (and whites) have shown no progress in four-year college attainment rates.

The lack of progress in four-year college attainment for blacks since the mid-1970s has several likely explanations. Foremost among these, and based on the enrollment rate data presented in this report, one must conclude that *deteriorating four-year college completion rates for blacks have offset substantial gains in both high school graduation rates and college continuation rates*. Expressed another way, colleges have erased gains made by blacks in college preparation and access.

Conclusions

There are several ways to summarize the issues of higher educational opportunity facing the black population. We offer the following as one such approach:

- In 1974 blacks made up 16.0% of the babies born in the United States.
- In 1992 blacks were 14.7% of the high school graduates.
- In 1992 blacks were 11.4% of all college freshmen entering directly out of high school.
- In 1991 blacks were 9.9% of the undergraduate enrollment in U.S. higher education.
- In 1991 blacks received 9.5% of the associate degrees awarded.
- In 1991 blacks received 6.0% of the bachelor's degrees awarded.
- In 1991 blacks were 5.4% of graduate level enrollments.
- In 1991 blacks received 4.9% of the master's degrees awarded.
- In 1991 blacks received 3.1% of the doctor's degrees awarded by U.S. higher education.

Income Advantage of College Graduates Over High School Graduates Greatest in More Than 40 Years

In 1992 male college graduates ages 25 to 34 years earned 60 percent more than males with a high school diploma. This was a greater income advantage over males with high school diplomas alone than at any time since data were first collected in 1950. The income advantage increases further with age, to about 90 percent, and is greater for both females and minority race/ethnicity groups than it is for whites and males.

Despite anecdotes and newspaper accounts to the contrary, college graduates are faring far better in the labor force than are those who end their educations with high school graduation. And high school graduates, in turn, are faring far better in today's labor market than are high school drop outs.

These data show that the income premium received by college graduates compared with individuals with lesser levels of educational attainment continues to widen. The importance of this finding cannot be overstated: the deterioration of alternative paths to a decent standard of living places greater importance on public policy and programs that extend higher education opportunity to previously unserved populations.

Data in this report were recently published by the Census Bureau in *Current Population Reports, P60-184.*

Gender and Race/Ethnicity

In 1992 male college graduates ages 25 to 34 years had median annual incomes of $31,973, compared to $20,016 for similarly aged males with a high school diploma, and $13,449 for males with some high school education (drop outs). (Median family income means half earned more than this income, and half earned less.) As shown in the following table, college graduates earned 60 percent more than high school graduates, and high school graduates earned 49 percent more than high school drop outs.

By race/ethnicity, white male college graduates earned 55 percent more than high school graduates. Black males earned less than white males at each level of educational attainment, but black male college graduates earned 78 percent more than black male high school graduates. Hispanic male college graduates earned 62 percent more than Hispanic male high school graduates.

The incomes of females were less than those of males at all levels of educational attainment and for each racial/ethnic group. However, the income advantages of college educated women over those with a high school diploma alone were

Median Annual Incomes of 25 to 34 Years Olds with Incomes by Gender and Race/Ethnicity by Educational Attainment, 1992

Group	College Graduates (1)	High School Graduates (2)	Some High School (3)	Ratio: (1)/(2) (4)	Ratio: (2)/(3) (5)
Males					
All Races	$31,973	$20,016	$13,449	1.60	1.49
White	32,493	20,923	14,279	1.55	1.47
Black	25,948	14,596	9,607	1.78	1.52
Hispanic	27,609	17,093	12,301	1.62	1.39
Females					
All Races	24,748	12,261	9,205	2.02	1.33
White	24,819	12,447	9,574	1.99	1.30
Black	23,594	11,102	7,891	2.13	1.41
Hispanic	23,865	11,938	9,578	2.00	1.25

Source: Census Bureau. *Current Population Reports, Series P60-184.*

Median Annual Incomes of Males with Income 25 to 34 Years Old by Educational Attainment, 1950 to 1992

Year	College Graduates (1)	High School Graduates (2)	Some High School (3)	Ratio: (1)/(2) (4)	Ratio: (2)/(3) (5)
1950	$3,510	$3,095	$2,735	1.13	1.13
1958	5,970	4,688	4,275	1.27	1.10
1961	6,640	5,175	4,425	1.28	1.17
1963	6,947	5,612	4,903	1.24	1.14
1965	7,474	6,151	5,254	1.21	1.17
1967	8,282	6,882	5,922	1.27	1.16
1969	10,228	8,008	6,693	1.28	1.20
1971	10,908	8,556	7,331	1.27	1.17
1973	12,349	10,153	8,448	1.22	1.20
1975	13,232	10,767	8,241	1.23	1.31
1979	17,345	14,280	10,983	1.23	1.30
1981	20,589	15,393	11,173	1.34	1.38
1982	21,149	15,298	10,948	1.38	1.40
1983	21,988	15,789	10,711	1.39	1.47
1984	23,687	17,030	10,890	1.39	1.56
1985	26,174	16,981	11,950	1.54	1.42
1986	27,141	17,551	11,904	1.55	1.47
1987	28,181	18,366	12,990	1.53	1.41
1988	28,288	19,650	13,395	1.44	1.47
1989	29,663	20,167	14,181	1.47	1.42
1990	29,568	20,051	14,075	1.47	1.42
1991	30,890	20,040	13,080	1.54	1.53
1992	31,973	20,016	13,449	1.60	1.49

Source: Census Bureau. *Current Population Reports, Series P-60.*

considerably greater than those for men. White college educated women, for example, earned 99 percent more than white women with a high school diploma. College educated black women earned 113 percent more than high school educated black women. College educated Hispanic women earned twice what those with high school diplomas alone earned.

Trends: 1950 to 1992

The Census Bureau has been collecting and reporting these data on income by educational attainment since 1950. Here we are indebted to Professor Larry Leslie of the University of Arizona for initially publishing this table in his book (with Paul Brinkman) *The Economic Value of Higher Education*, published in 1987. We have added data after 1983 to their table from the Census Bureau's *Current Population Reports, P-60*.

In 1950 a male age 25 to 34 years old with a college degree (bachelor's or greater) earned 13 percent more than a high school graduate. By 1961 the college graduate enjoyed a 28 percent advantage. In 1971 the advantage was 27 percent, by 1981 it was 34 percent. And by 1992 a young male college graduate earned 60 percent more than did a high school graduate.

Although the premium paid college graduates compared to high school graduates fluctuates from year to year, the trend is clear: the premium paid young male college graduates compared to high school graduates is increasing. Moreover, the premium appears to increase sharply during periods of economic recession, and then such advantages are preserved through subsequent economic recovery and expansion until the next recession when the income advantage increases further.

Age

The income advantage enjoyed by college graduates over high school graduates increases with age. In 1992, the income advantage for male college graduates ages 25 to 29 years over high school graduates was 50 percent. By ages 30 to 34 years the advantage was 80 percent. By ages 35 to 39 years the advantage was 104 percent. After that age, male college graduates enjoyed about a 90 percent income advantage over male high school graduates.

The average incomes of women college graduates also increase over high school graduates with age. Except for women in their 50s, the premium paid women college graduates averages about 80 to 90 percent. In their 50s, college educated women earn more than twice as much as women with a high school diploma.

For any population group--gender, race/ethnicity, age--college graduates earn substantially more than high school graduates. High school graduates also earn substantially more than do high school drop outs. Moreover, the income advantages related to higher levels of educational attainment are growing: in 1992 they were greater than they have been at any time since 1950.

Mean Annual Income of Males and Females by Age and Educational Attainment, 1992

Group	College Graduates (1)	High School Graduates (2)	Some High School (3)	Ratio: (1)/(2) (4)	Ratio: (2)/(3) (5)
Males					
18 to 24	$16,191	$11,805	$6,721	1.37	1.76
25 to 29	28,963	19,283	13,829	1.50	1.39
30 to 34	41,306	22,964	16,829	1.80	1.40
35 to 39	51,947	25,411	18,499	2.04	1.37
40 to 44	53,455	28,262	18,577	1.89	1.52
45 to 49	57,892	29,839	22,179	1.94	1.35
50 to 54	56,906	29,685	22,804	1.92	1.30
55 to 59	53,102	26,940	25,196	1.97	1.07
60 to 64	46,085	24,318	19,952	1.90	1.22
65 to 69	34,840	16,026	14,414	2.17	1.11
70 to 74	38,662	13,010	7,118	2.97	1.83
Females					
18 to 24	13,557	9,011	4,965	1.50	1.81
25 to 29	22,636	12,748	9,668	1.78	1.32
30 to 34	27,995	14,696	10,460	1.90	1.40
35 to 39	29,006	15,308	10,058	1.89	1.52
40 to 44	29,444	16,259	9,998	1.81	1.63
45 to 49	30,748	16,916	13,648	1.82	1.24
50 to 54	32,184	15,913	13,347	2.02	1.19
55 to 59	30,243	14,707	12,359	2.06	1.19
60 to 64	25,225	13,986	9,432	1.80	1.48
65 to 69	15,154	10,499	7,871	1.44	1.33

Source: Census Bureau. *Current Population Reports, Series P60-184.*

Federal Student Aid Reform -- Phase II

During September, Assistant Secretary for Postsecondary Education David Longanecker and Department of Education staff held four meetings with representatives of the postsecondary education community to discuss possible directions for student aid reform. Phase I was the direct lending initiative. Phase II discussed five topics:

- *How should postsecondary vocational training be financed?*
- *Should federal aid, particularly grants, be better targeted?*
- *Should a federal aid maximum be established?*
- *Should the student financial aid programs be reconfigured?*
- *What means should be used to assess and improve effectiveness of the student aid programs?*

The following is the September 28 report from the Department of Education on those meetings.

Over the past three weeks, Assistant Secretary David A. Longanecker and members of the Office of Postsecondary Education staff and of other principal offices of the Department of Education met with four groups of representatives from higher education associations to discuss topics related to student aid reform. The immediate objective was to determine whether there was sufficient consensus on the agenda for reform to suggest the Department should propose new legislative initiatives in this area during the current Congressional session. The purpose for the longer term was to initiate dialogue on fundamental issues related to student aid. It was clear from the discussions that there is no current consensus on what should constitute the next steps in reform. It was also clear that no participant is fully satisfied with the current program and that serious discussion should be continued with a view to further reform. Following is a recap of some of the issues raised:

I. Financing postsecondary vocational training

There was general agreement among the participants that there is no coherent strategy underlying federal programs related to vocational education and that the "federal program" overall is not effective. Beyond this, there was little agreement. Most participants, but not all, expressed concern over the use of loans for short term vocational programs. Participants discussed but were not able to resolve questions relating to the definition of vocational education and how it should be related to the labor market. Opinion was divided over how the mix of contracts to institutions and grants and loans to individual students might be changed to improve the effectiveness of vocational education.

II. Targeting federal aid, particularly grants

Two premises of the meeting -- that the resources available for student financial aid are likely to be constrained in the future and that the realities of authorized funding should be reflected in student aid policy -- were generally accepted, albeit reluctantly, by participants. Most also expressed the view that grants in particular should be targeted to low income individuals, but they questioned the degree to which such targeting is feasible. In another vein, participants recognized the importance of a federal aid policy which offers the opportunity for postsecondary education to all citizens but acknowledged the difficulty of providing opportunities to individuals with serious educational deficits. A thread of discussion focused on the use of Pell grants for remedial education. The question was raised concerning whether Pell grants should be used or whether some other system would be more effective. Another thread of discussion focused on whether or not the Pell program in particular could be designed to include incentives for students to stay in school and progress. Concern was expressed that the Pell program is sometimes viewed as a welfare program. An approach that would include an emphasis on completion and access to the job market in addition to access to the educational system might result in more support for the Pell program and higher success rates for students.

III. Reconfiguration of student financial aid programs

In the meetings, there seemed to be support for the general approach to aid packaging as proposed by the National Commission on Responsibility for Financing Postsecondary Education. At the same time, it was clear that if the level suggested was considerably lower than the $14,000 amount used by the Commission to illustrate its recommendation, there would be considerably less support for the concept. Participants raised two points consistently in discussion related to reconfiguration. One was that stability in the student aid program is critical to meeting student needs. Whatever the amount of funds which might be available, students and parents need reliable information concerning their prospects for student aid well in advance of the time students are to enter postsecondary education. The other was that the complexity of the current student aid program is unacceptable. Whatever else may be accomplished through reform, it is important to simplify the system.

IV. Measures to assess and improve the effectiveness of student aid programs

There was general agreement that default rates are seriously deficient as the sole measure of the effectiveness of student loan programs. Beyond this, there was little consensus of opinion. Some representatives felt that an array of outcome measures could be developed over time, which taken together could result in an appropriate vehicle by which to judge institutional effectiveness and thus eligibility to participate in student aid programs. Other indicated that they would be willing to discuss such a system but that they had very serious reservations about how it would operate and whether it would indeed provide information which truly reflects the performance of institutions.

Reports from the Front Lines . . . . . . of College Admissions

1993 - A Year to Remember (or Forget)

For the last five years, the National Association of College Admissions Counselors (NACAC) has conducted a survey of admissions trends at member colleges. The survey gathers and reports data on application trends, recruitment activities, and related admission management concerns. For further information on the 1993 NACAC Admissions Trends Survey, contact NACAC at (703) 836-2222 in Arlington, Virginia.

Here we reproduce some of the general comments volunteered by Survey respondents from colleges and universities in the personal comment section of the 1993 NACAC Admission Trends Survey. They speak eloquently to the extraordinary admissions and financial aid challenges experienced this year.

"Financial aid/scholarship 'warfare' is at an all-time high. Yes, we all need to enroll our classes, but it all seems so out of control."

"Financial aid is a critical factor in decisions. Prospective students and their families deeply concerned about career placement opportunities. Recruitment was difficult - saw fewer students at college fairs/high school visits; the up-side is that it allowed for creative programming!"

"I'm glad its over! We had a very successful year in terms of deposit paid students. However, applications fell by 5 percent. Financial aid continues to become more important in the selection process."

"Excellent year. However, more and more students are selecting a college much like buying a car - looking for the best deal. Quality is perhaps less important in the selection process. More admissions people feel 'used and abused' by parents and students who don't meet deadlines, don't inform you of a change of plans in general, don't approach the selection of a college in 'humane' sort of way. Why doesn't the NACAC address these concern?"

"Our students are getting older. Although the high school graduate still applies, our members from applications are older people who have left college and now seek a career change. Our major is a health related program and all graduates are employed with good salaries."

"This was a year of 'bargaining.' We do not adjust financial aid packages so as to make our school 'a better deal.' That might be one of the reasons we will have a smaller freshman class."

"Clearly, there is a great consumer interest in a quality undergraduate experience. Students and parents want value and the promise of good postgraduate opportunities."

"The financial aid delivery system really made a significant negative impact. More students opted for public and community colleges."

"It was apparent this year how much the world of admissions, student recruitment/enrollment management has changed. The external influences of declining 18 year [olds] clashed with the increased competition. An overall shadow of financial concerns of the institution and of families made this a year of unknowns. The bottom line is over the last five years, applications are up 25 percent, the staff has increased 30 percent, the financial budget has doubled, and we're enrolling the same number of freshmen!"

"It has been another challenging year. I believe, more than any other year, that ethical standards, both personal and professional, are being tested. The bottom line is becoming an economic one in far too many cases. Admissions as a profession is facing a crossroads - strong leadership in our professional organization will be required to bring us through these trying times and still emerge proud to remain a vital profession!"

"My university is located in the Midwest where we have been greatly affected by flooding. This has left a good number of deposited students unsure of their ability to attend college this fall. We are also a university that receives applications (in fairly significant numbers) through the month of August."

"I'm concerned with the number of colleges abandoning need-blind admission. Its especially distressing that most of these same colleges offer no-need scholarship."

"I hope that I never experience another year like the one almost completed. However, I must be honest with myself and prepare for things to repeat for the 94-95 year. 'Bargain basement admissions' is not far away."

"It's a good year so far. But I have never seen so many colleges push the *Statement of Principles of Good Practice* to its limit (or openly violate principles). I have never seen so much competitive bidding for students in 10 years in admissions."

"We downsized. Reduced travel in non-productive geomarkets, reduced student search inquiries in non-productive geomarkets. Consequence: a reduced inquiry pool, reduced applicant pool, reduced accepted pool, but increased yield from accepted to deposit paid based upon more effective targeting. Expect to bring in largest class in three years."

"We have had a de facto enrollment cap for the last 2-3 years, called 'Lack of Housing.' Now that the university has purchased and remodeled an old motel for 95 graduate housing units, and built 120 family apartments, and developers have swarmed into the Pullman (WA) and Moscow (ID) region, we have seen a drastic increase in applications, and are expecting about a 10 percent larger freshman class. Now to find classroom space . . ."

"This was a year of sweeping change. Financial pressures caused many colleges formerly considered 'need blind' to take ability to pay into account when admitting students. In one Midwest region (my region) need calculations fluctuated widely among colleges - some used the new FM, some IM, others, who knows what?

The use of non-need scholarships also increased dramatically as some colleges moved monies from need to non-need categories to bolster enrollment and academic profile."

"The economy, general conservatism seemed to make families very uneasy about college choice."

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